

CALIFORNIA ECONOMIC BASE REPORT: SOUTHERN CALIFORNIA REGION



Prepared for the



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California Economic Strategy Panel

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PREFACE

The bipartisan California Economic Strategy Panel (Panel) was established in 1993 to develop an overall economic vision and strategy to guide public policy. The Panel engages in an objective and collaborative biennial planning process that examines economic regions, industry clusters, and cross-regional economic issues. The 15-member Panel is comprised of eight appointees by the Governor, two appointees each by the California Senate President Pro-Tempore and the California Assembly Speaker and one appointee each by the Senate and Assembly Minority Floor Leaders. The Secretary of the California Labor & Workforce Development Agency serves as the Panel Chair.

The California Regional Economies Project is currently the lead research mechanism for the Panel to identify economic policy issues. The project provides the state's economic and workforce development systems with data and information about changing regional economies and labor markets. The information provides a new resource in economic and workforce development planning and a bridge connecting economic and workforce policies and programs at the state and regional levels.

Since 1996, the Panel recognized the rapidly changing nature of the California economy and its economic regions. In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic base reports analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors.

This report presents a statewide overview and comparative analysis of the nine regions from 2001 to 2004. Also, in-depth economic base reports for each region are available. The previous economic base reports examined the 1990-2002 period, and were the first economic base reports for the regional economies as they are defined today. The Panel's initial work, from 1994-1996, resulted in identification of six regions and provided regional economic base analyses; however, those regions had been significantly redefined by 1998, making comparisons to the early analyses impractical.

The source of the data used for these reports is the official employment and wage information reported by employers to the State. While a variety of other sources provide similar information, they may not capture the official numbers that employers report, or may not include input from all employers. This data source is the most comprehensive and accurate source of information direct from employers, and is therefore the best to use for public policy-making, planning and program administration.

The Panel has taken steps to institutionalize the analysis and preparation of these economic base reports within State government so that this analysis may be provided on a yearly basis. Also, steps have been taken to leverage the body of knowledge that now exists around the study of industry clusters, gained through the California Regional Economies Project.

First, a non-confidential version of the data series, the *California Regional Economies Employment Series*, has been made available online by the California Employment Development Department's Labor Market Information Division so that regional organizations may access this data at the county level. Second, a step-by-step guide, the *Clusters of Opportunity User Guide*, is available online so that regional organizations can conduct industry cluster studies and work with business and industry to test and apply the findings. With this information, regional organizations may conduct their own economic base and industry cluster analyses down to the county level, and they may combine county data to create their own sub-regional study areas. Training workshops have been held to teach the methodology and processes outlined in the *Clusters of Opportunity User Guide* to representatives from local and regional organizations including Local Workforce Investment Boards, economic development organizations, and community colleges.

The statewide and regional economic base reports, the *Clusters of Opportunity User Guide* and other studies are available on the Panel's website at <http://www.labor.ca.gov/panel/>.

The *California Regional Economies Employment Series* is available online at <http://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/?PageID=173>.

The California Regional Economies Project is sponsored by the California Labor & Workforce Development Agency, California Employment Development Department, and California Workforce Investment Board.

TABLE OF CONTENTS

| | |
|--|--------|
| PREFACE | 3 |
| INTRODUCTION | 6 |
| THE SOUTHERN CALIFORNIA REGION..... | 8 |
| THE ECONOMIC BASE..... | 9 |
| THE FOOD CHAIN | 14 |
| CONSTRUCTION | 17 |
| MANUFACTURING VALUE CHAIN | 20 |
| WHOLESALE TRADE | 24 |
| HEALTH SCIENCES & SERVICES | 27 |
| BASIC INFORMATION SERVICES | 30 |
| PROFESSIONAL, SCIENTIFIC, TECHNICAL & MANAGEMENT SERVICES | 33 |
| ENTERTAINMENT & TOURISM | 36 |
| ALL GOVERNMENT | 39 |
| APPENDIX A: Definition of Industry Sectors and Clusters by NAICS Codes | 41 |

INTRODUCTION

The California Regional Economies Project provides data and information about changing regional economies and labor markets. The information provides a new resource in economic and workforce development planning, and a bridge connecting economic and workforce policies and programs at the state and regional levels.

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic base reports analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors.

This report presents an in-depth analysis of the Northern Sacramento Valley Region's economic base from 2001 to 2004. The previous economic base report examined the 1990-2002 period. The statewide and eight other regional economic base reports are also available at <http://www.labor.ca.gov/panel/>.

Data Sources

The Quarterly Census of Employment and Wages (QCEW) data is the source for the private industry data, which uses the North American Industry Classification System (NAICS) coding system. The Current Employment Statistics (CES) data is the source for all levels of government employment data. The CES data does not offer wage information, so the government wage information in this report was taken from the federal Bureau of Labor Statistics (BLS) QCEW non-confidential data available online. A more detailed explanation of the data sources is available in the statewide report.

Industry Clusters versus Sectors

An industry sector is a group of firms that are doing the same type of work, making the same type of products, or providing the same types of services. Examples include manufacturing, construction, retail trade and health care.

An industry cluster is a group of interdependent industry sectors characterized by competing firms and buyer-supplier relationships, as well as shared labor pools and other specialized infrastructure. They are also geographically concentrated. When identifying "industry clusters of opportunity," the Project adds additional considerations that focus on employment opportunities for regional residents.

Definition of the Economic Base Industries

Economists divide industries into two groups; export-oriented and local-serving (also referred to as population-driven). Export-oriented industries are industries that sell a large portion of their goods and services to people and businesses in markets outside of the region, creating capital (bringing capital into) the region. Local-serving industries are

industries that sell their goods and services to people and businesses in markets within the region. These industries do not typically create new capital for the region, but recirculate it within the region.

In the previous economic base reports completed in 2004, the two principal researchers who provided the analyses did not agree on a common definition of an area's economic base. One favored the traditional approach, while the researcher analyzing the rural regions felt that there were key local-serving industries that were critical to these regions and should be included in the economic base.

For the current economic base reports, we have chosen to include some industries in our definition of the economic base that are not traditionally included. We do this in part due to the transformations taking place within the industries or regions, and also in recognition of the importance of industries that provide significant employment opportunities for the region, including some high-wage/high-demand sectors and clusters that would otherwise not be included.

While the traditional discussion of an economic base is still the one most used by economists, we feel the other perspective better fits the nature of the California Regional Economies Project, which constantly views the economy in new ways and from new perspectives in order to see transformations taking place. We acknowledge that this use of the term, "economic base," conflicts with the standard definition, and that we are choosing to redefine it for the purpose of these reports. We respect that some will disagree with our use of the term in this way; however, this should not detract from the important economic information presented in the reports. The current reports begin to address the differences in the definition of the regions' economic base industries, which began with the first economic base reports. We plan to revisit this issue again in the future.

A detailed discussion of the definition of the economic base and the differences between the previous and current reports is available in the statewide report.

Definitions by NAICS code for all of the industry sectors and clusters in the statewide overview and regional economic base reports may be found in Appendix A.

THE SOUTHERN CALIFORNIA REGION



The Southern California Region includes five counties — Los Angeles, Orange, Riverside, San Bernardino and Ventura. This region accounts for 48.6% of California's jobs and 48.6% of its population. The region's unemployment rate in 2005 was 4.9%. This region had the second lowest unemployment rate of the nine regions, well under the state average of 5.4%.

From 1990 to 2003, the Southern California Region experienced job growth of just over 8%, as reported in the first economic base report. The Southern California region experienced significant job losses during the recession in the early '90's.

Since the recent recession, from 2001 to 2004, employment has grown from 6,860,800 jobs to 7,016,700 jobs, increasing by 2.3%. During this time, private industry jobs increased by 2.7% and Government jobs reported virtually no change, down just 100 jobs or 0.01%.

Characteristics of the Southern California Region

(Numbers are in thousands, except for dollar amounts)

| | Southern California | California | So. Calif. as % of CA |
|----------------------------|--------------------------------|-------------------|----------------------------------|
| Population (2006) | 18,080 | 37,172 | 49% |
| Labor Force (2005) | 8,557 | 17,696 | 48% |
| Unemployment Rate (2005) | 4.9% | 5.4% | 92% |
| Manufacturing Jobs* (2004) | 822.7 | 1,507.8 | 55% |
| Per Capita Income (2004) | \$ 33,264 | \$ 35,219 | 94% |
| Average Wage (2004) | \$ 42,360 | \$ 43,724 | 97% |

Source: Jobs, Labor Force, Unemployment Rate and Average Wage – California Employment Development Department, Labor Market Information Division; Population and Per Capita Income – U.S. Bureau of Economic Analysis

* Manufacturing Jobs reported here are traditional production jobs (NAICS 31-33).

During the period 2001-2004, the Bay Area Region reported a net increase of almost 132,500 private industry establishments (up 23%), to almost 704,300 in 2004. The number of establishments has grown steadily from 2001 to 2004. The industry sectors reporting the greatest increase in number of establishments were Private Households (adding almost 52,600 establishments), Professional, Scientific & Technical Services (adding over 5,000 establishments), and Ambulatory Health Care Services (adding over 3,500 establishments).

THE ECONOMIC BASE

The economic base is traditionally considered to be made up of export-oriented industries in the study area - industries that sell a large portion of their goods or services to people and businesses in markets outside of the area. For the purpose of this report, we have chosen to include industries in our definition of the economic base that are not traditionally included. We acknowledge that our definition of the economic base differs from standard practice. We do this in part due to the transformations taking place within the industries or region, and also in recognition of the importance of industries that provide significant employment opportunities for the region, including some high-wage/high-demand industries that would otherwise not be included.

Economic base reports also typically look only at industry sectors; however, this analysis will also include industry clusters, where studies by the California Regional Economies Project have defined clusters that provide significant employment for the region¹.

The criteria for selecting the components of the economic base include the top job providers in 2004, those industries with a high growth rate from 2001 – 2004, and the top job generators from 1990 to 2002, as identified in the previous economic base report. In those cases where industry clusters are examined beginning with the 2001-2004 period, direct comparisons may not be possible with the findings from the first economic base report.

Based on these criteria, the industry clusters and industries included in the Bay Area Region's economic base for this analysis are the following², listed by NAICS code:

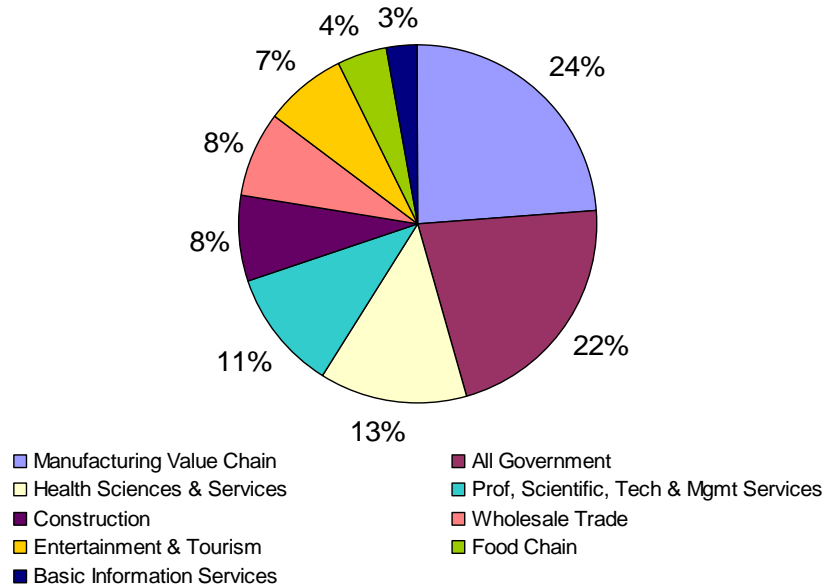
- The Food Chain
- Construction
- Manufacturing Value Chain
- Wholesale Trade
- Health Sciences & Services
- Basic Information Services
- Professional, Scientific, Technical & Management Services
- Entertainment & Tourism
- All Government

The total jobs reported by the economic base industries and clusters represent 66% of the region's total jobs. From 2001-2004, the economic base lost 36,100 jobs, or 1%.

¹ Industry Clusters of Opportunity are defined by the California Regional Economies Project as geographically-concentrated, and interdependent industry sectors characterized by competing firms and buyer-supplier relationships, as well as shared labor pools and other specialized infrastructure. In addition to export-oriented sectors, they also include population-driven sectors as well as sectors that offer occupations with career potential.

² See Appendix A for a complete listing of all sub-sectors included in the economic base industries and industry clusters.

Composition of Southern California Region Economic Base



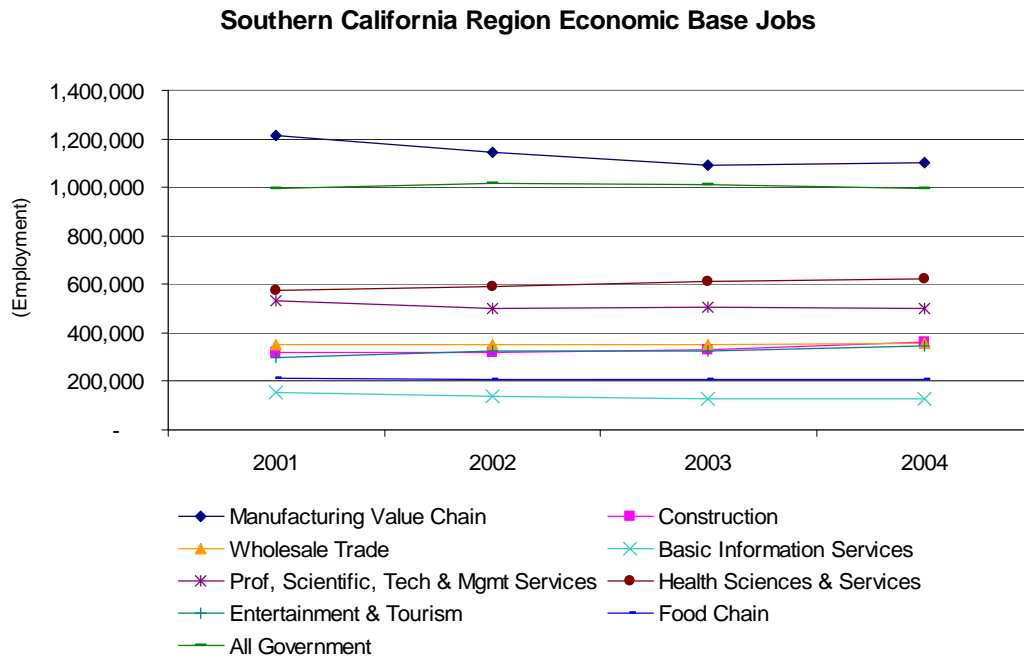
(Industries are listed in order as they appear in the chart, reading left to right across columns.)

The Manufacturing Value Chain provided the most jobs for the region, with almost 1,104,200 jobs in 2004. This represents 24% of the economic base jobs, and almost 16% of the region's total jobs. All Government was second with 994,500 jobs, which was 21.5% of the economic base and just over 14% of all jobs.

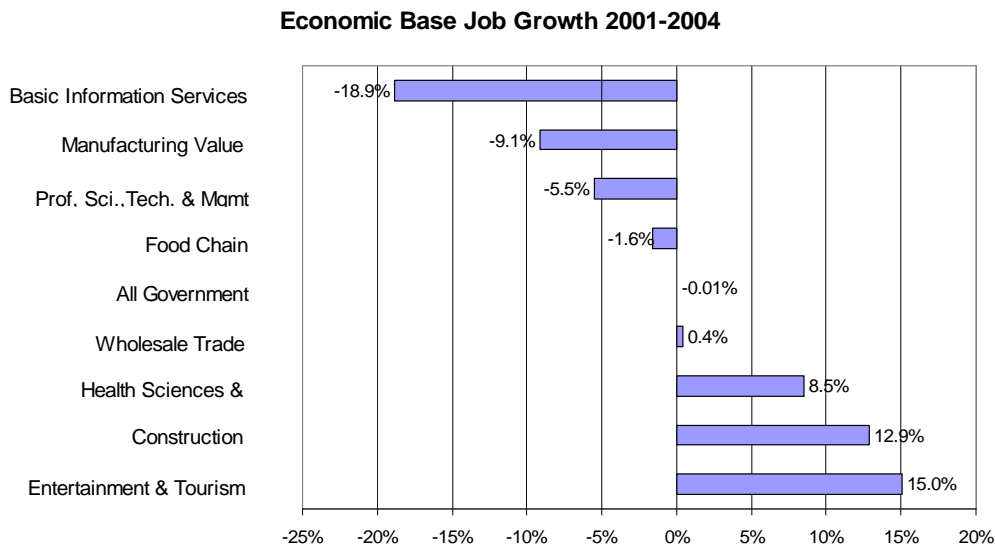
Health Sciences & Services was the third largest component of the economic base, with almost 623,100 jobs in 2004; 13.5% of the region's economic base jobs. This was followed by Professional, Scientific, Technical & Management Services reporting 501,900 jobs (11% of the base); and Construction, with almost 362,200 jobs (almost 8% of the base).

The remaining industries in the economic base are Wholesale Trade (354,600 jobs), Entertainment & Tourism (almost 345,800 jobs), the Food Chain (over 207,300 jobs), and Basic Information Services (almost 127,000 jobs).

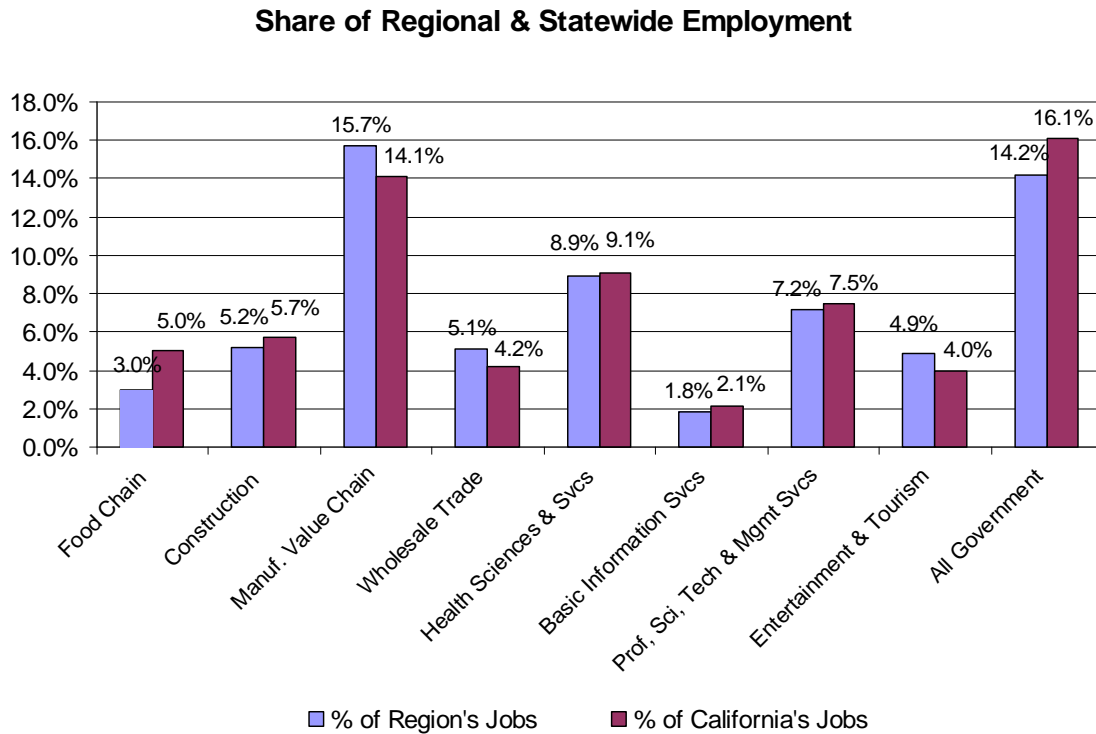
The following graph shows employment for the economic base industries and clusters from 2001-2004:



In addition to size, another important measure is job growth. While the economic base industries and clusters as a whole reported job losses of about 1%, down 36,100 jobs from 2001 to 2004, almost half of the industries and clusters reported job growth. Leading the growth, Entertainment & Tourism reported an increase of 15%, followed by Construction (up almost 13%) and Health Sciences & Services (up 8.5%). All Government reported almost no change. Those industries and clusters reporting job losses included the Food Chain cluster (down 1.6%); Professional, Scientific, Technical & Management Services (down 5.5%), the Manufacturing Value Chain (down 9%); and, Basic Information Services (down 19%).



Another factor to consider is the concentration of an industry within a region – the percentage of the region’s jobs that the industry provides – and also how this compares to the concentration within the state or nation. The following graph compares the concentration of the leading employment sectors in the region to the statewide concentration.



The average annual wage³ for all industries in the Southern California Region is \$42,360. This region has the second highest overall average wage of the nine regions. Within the region’s economic base, the average annual wage by industry and cluster ranges from a high of \$68,274 for Basic Information Services jobs, to a low of \$36,633 for Food Chain jobs. (Wages for the All Government industry are not available.)

The Basic Information Services industry reports the highest average wage of \$68,274, but provides just 3% of the jobs in the region’s economic base. Professional, Scientific, Technical & Management Services has the second highest average wage at \$65,792, and provides 11% of the economic base jobs. The Food Chain cluster, which reported the lowest averages wages, provides only 4% of the economic base jobs.

³ The average annual wage is calculated by dividing the total wages by the total employment (both figures are reported by the employers); the wages and employment data reported do not distinguish between part and full time hours or overtime hours worked. This statistic provides good information for making comparison and tracking trends; however, it may not be the best resource available for employers or researchers and service providers to use when determining a competitive or typical pay scale for employees in a particular industry and/or region.

Health Sciences & Services reported the greatest (percentage) increase in average wages from 2001 to 2004, rising 13.5%, from \$40,516 in 2001 to \$45,970 in 2004; the industry provides 13% of the region's economic base jobs. The Manufacturing Value Chain reported the second largest increase in wages, from \$42,339 to \$47,712, or almost 13%. The industry or cluster reporting the least change was Construction, which reported an increase of 7%, from \$39,585 to \$42,351.

The following table provides the average annual wage for each industry and cluster in the region's economic base, and compares these to the statewide averages. It also shows the percentage of the economic base jobs that each industry/cluster provides, to point out the percentage of jobs in the higher and lower paying industries/clusters.

| Average Annual Wages 2004 | Statewide | Southern California Region | % of Region's Economic Base Jobs |
|---|------------------|-----------------------------------|---|
| ALL INDUSTRIES | \$ 43,724 | \$ 42,360 | |
| Food Chain | 31,939 | 36,633 | 4% |
| Construction | 43,707 | 42,351 | 8% |
| Manufacturing Value Chain | 54,162 | 47,712 | 24% |
| Wholesale Trade | 28,546 | 50,973 | 8% |
| Basic Information Services | 83,197 | 68,274 | 3% |
| Prof, Scientific, Tech. & Mgmt Services | 71,904 | 65,792 | 11% |
| Health Sciences & Services | 49,205 | 45,970 | 13% |
| Entertainment & Tourism (Urban)* | 20,802 | 58,423 | 7% |
| All Government** | 47,835 | 47,631 | 22% |

* The definition of the Entertainment & Tourism industry differs from urban to rural regions, for the purpose of this report. For urban regions, Entertainment & Tourism combines Arts, Entertainment & Recreation with Accommodation and Motion Picture & Sound Recording Industries; it does not include Food Services. For rural regions, Entertainment & Tourism combines Accommodation & Food Services with Arts, Entertainment & Recreation; it does not include Motion Picture & Sound Recording Industries. For the statewide analysis, the Entertainment & Tourism industry combines Accommodation & Food Services with Arts, Entertainment & Recreation, and also includes Motion Picture & Sound Recording Industries.

** Government average annual wages include the wages for a broad spectrum of jobs, including elected officials and executive branch, judicial, defense, law enforcement, firefighting, education and other public administration jobs. The source for this data is the Bureau of Labor Statistics (BLS) online QCEW data, as the CES data used for the government employment numbers does not include wage information. Wage data for some counties was suppressed.

The remainder of this report discusses each economic base industry sector and cluster in further detail.

THE FOOD CHAIN

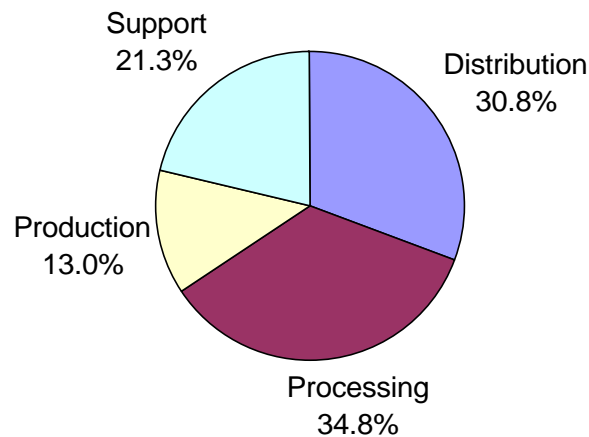
The Food Chain cluster has been defined by the California Regional Economies Project as including not only Production sectors, but also Support, Processing and Distribution sectors. The previous economic base report only looked at agriculture as a part of the Resource Based industries. This report will instead look at the Food Chain cluster.

The Food Chain cluster provides 4.5% of the economic base jobs for the Southern California Region, and 3% of all jobs in the region.

From 1990-2002, the Agriculture, Forestry, Fishing & Hunting industry employment decreased from 59,700 jobs in 1990 to 55,500 jobs in 2002. Fruit & Vegetable Preserving also lost jobs, from 11,200 in 1990 to 9,200 jobs in 2002.

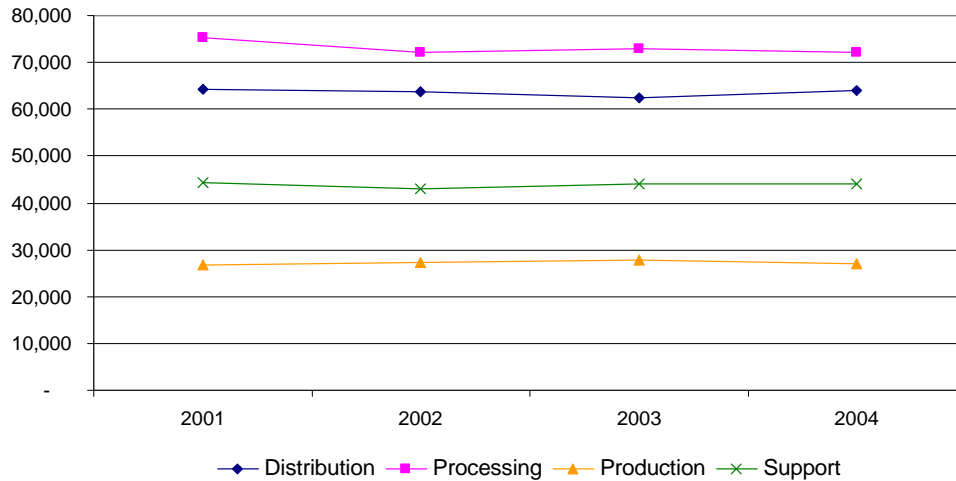
For the 2001-2004 period, the Food Chain cluster experienced net job losses of almost 3,500 jobs, or 1.6%, dropping from almost 210,800 jobs in 2001 to 207,300 jobs in 2004. In 2004, Support represented 28% of the cluster; Production represented 24%; Processing represented 25%; and, Distribution represented 23%.

The Southern California Region Food Chain 2004



From 2001-2004, only one component of the cluster reported job growth; Production gained 100 jobs (up 0.4%), while the other three components lost jobs. Support reported losses of 200 jobs (down 0.5%); Processing lost 3,100 jobs (down just over 4%), and Distribution lost over 200 jobs (down 0.4%).

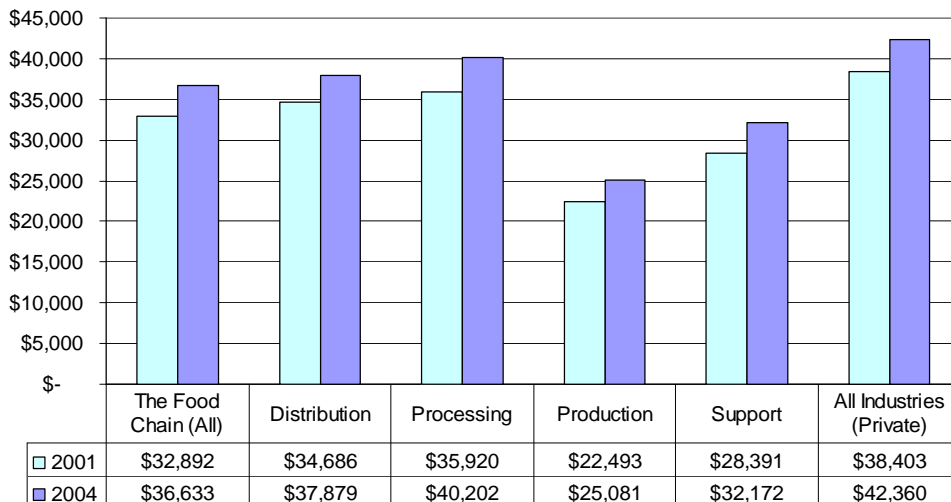
Food Chain Jobs



Within Support, the largest sub-sector is Support Activities for Crop Production, followed by Veterinary Activities. Within Production, the largest sub-sector is Fruit & Tree Nut Farming, followed by Vegetable & Melon Farming and Cattle Ranching & Farming. Within Processing, the largest sub-sector is Bakeries & Tortilla Manufacturing, followed by Fruit & Vegetable Preserving & Specialty Food Manufacturing, Other Food Manufacturing and Dairy Product Manufacturing. Within Distribution, the largest sub-sector is Grocery & Related Product Wholesalers, followed by Specialty Food Stores.

The Food Chain cluster's average annual wage for the region in 2004 was \$36,633. Within the cluster, for Support jobs the average annual wage was \$32,172; for Production jobs the average was \$25,081; for Processing jobs the average was \$40,202; and, for Distribution jobs the average was \$37,879. The Food Chain cluster provides 4% of the region's economic base jobs.

The Food Chain Wages



The following table provides information on employment by major component:

| Southern California Region | | | | |
|-----------------------------------|-------------|-------------|-------------|-------------|
| Food Chain | | | | |
| (Thousands of Jobs) | | | | |
| | 2001 | 2002 | 2003 | 2004 |
| Support | 44.4 | 43.0 | 44.1 | 44.2 |
| Production | 26.8 | 27.2 | 27.9 | 26.9 |
| Processing | 75.3 | 72.3 | 72.9 | 72.2 |
| Distribution | 64.2 | 63.8 | 62.5 | 63.9 |

Source: California Employment Development Department
(Green depicts an increase, yellow depicts a decrease.)

CONSTRUCTION

The Construction industry provided almost 8% of the economic base jobs for the Bay Area Region in 2004, and over 5% of all jobs in the region.

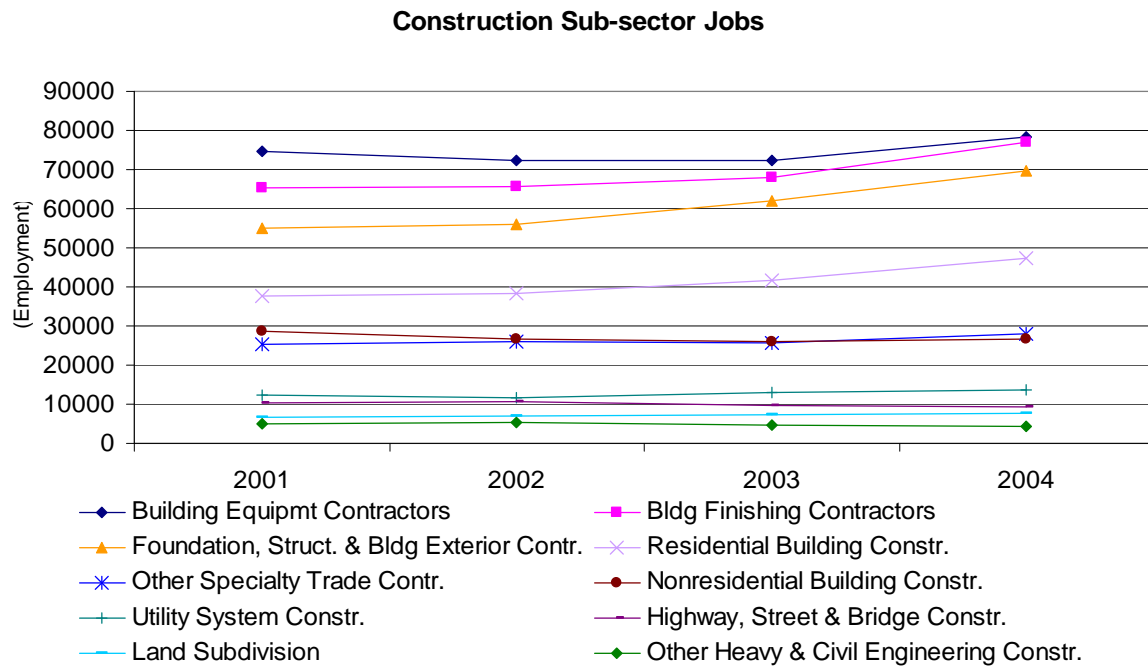
For the period 1990-2002, employment in Construction fell from 1990 through 1993, during the recession. Then, Construction jobs reported strong growth from 1994 through 2003, with a slight leveling off (a very minor drop in jobs) in 2002. Overall, Construction slowed in the early '90's recession, but showed job gains during the recent recession, as reported in the previous economic base report.

From 2001-2004, Construction jobs in Southern California increased by almost 41,400 jobs, or about 13%. All three of the main sectors reported growth during this period. Specialty Trade Contractors provides the most jobs, with over 252,800 jobs in 2004, and reported growth of almost 15%; Construction of Buildings reported 74,100 jobs and job growth near 12%; and, Heavy & Civil Engineering Construction reported almost 35,300 jobs and growth of almost 4%.

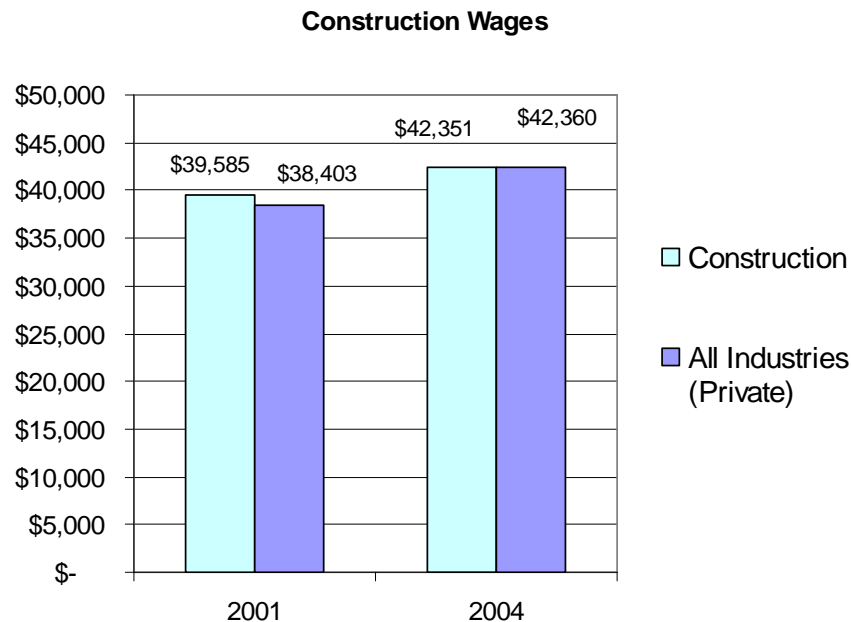


All five of the largest sub-sectors reported job growth from 2001 to 2004. Building Equipment Contractors grew from 74,700 jobs to 78,400 jobs, up 5%; Building Finishing Contractors grew from 65,400 jobs to 76,900 jobs, up almost 18%; Foundation, Structure & Building Exterior Contractors grew from just under 55,000 jobs to 69,500 jobs, up 26.5%; Residential Building Construction grew from almost 37,700 jobs to almost 47,500 jobs, up 26%; and, Other Specialty Trade Contractors grew from almost 25,400 jobs to almost 28,000 jobs, up 10%.

The following graph shows employment changes for all sub-sectors:



The industry's average annual wage for the region in 2004 was \$42,351, up 7% from the 2001 average of \$39,585. Construction provides 8% of the region's economic base jobs. The following chart shows the changes from 2001 to 2004 and compares the industry's average with the region's overall average wage (all industries).



The following table provides information on employment in the Construction industry:

| Southern California Region Construction (Thousands of Jobs) | | | | |
|---|-------------|-------------|-------------|-------------|
| | 2001 | 2002 | 2003 | 2004 |
| Residential Building Construction | 37.7 | 38.3 | 41.9 | 47.5 |
| Nonresidential Building Construction | 28.7 | 26.7 | 25.9 | 26.6 |
| Utility System Construction | 12.2 | 11.8 | 12.9 | 13.8 |
| Land Subdivision | 6.7 | 6.9 | 7.4 | 7.7 |
| Highway, Street & Bridge Construction | 10.2 | 10.8 | 9.8 | 9.5 |
| Other Heavy & Civil Engineering Construction | 4.8 | 5.2 | 4.6 | 4.3 |
| Foundation, Structure, & Exterior Contractors | 55.0 | 55.9 | 62.1 | 69.5 |
| Building Equipment Contractors | 74.7 | 74.2 | 72.3 | 78.4 |
| Building Finishing Contractors | 65.4 | 65.5 | 68.0 | 76.9 |
| Other Specialty Trade Contractors | 26.4 | 26.1 | 25.6 | 28.0 |

Source: California Employment Development Department.
(Green depicts an increase, yellow depicts a decrease.)

MANUFACTURING VALUE CHAIN

Manufacturing industries are important for innovation, high wages and exports. Yet, the production component of manufacturing is not likely to be a growing source of job growth for the region or the state.

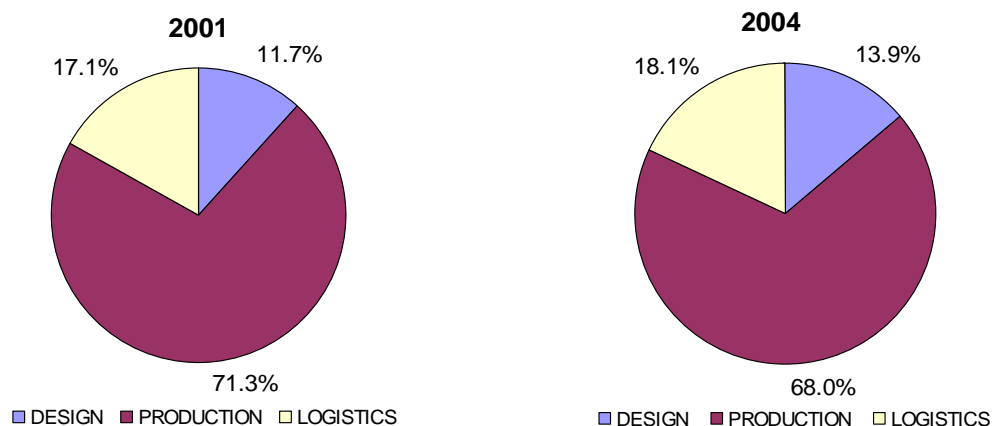
California's manufacturing industry is undergoing a transformation. While traditional manufacturing (production) jobs are declining, job growth is occurring in the design and logistics (warehousing and delivery) phases of manufacturing. Improvements in production technology have impacted the number of production jobs while the "just in time" approach to supply and delivery is lowering warehousing costs and has increased the number and types of jobs in logistics.

The California Regional Economies Project calls this industry cluster the Manufacturing Value Chain. The design and logistics components of manufacturing are providing more middle and higher-level jobs that pay well and offer career development opportunities.

Manufacturing remains critical to the Southern California Region's economy. The Manufacturing Value Chain is the largest component of the economic base, providing 24% of the jobs in the region's economic base, and almost 16% of all jobs in the region.

In 2004, Design represented 14% of the jobs in the Manufacturing Value Chain cluster; Production represented 68%; and, Logistics represented 18% of the cluster. Since 2001, the Logistics share of the cluster employment has increased, as has the Design component share. At the same time, Production jobs have decreased. From 2001 – 2004, only the Design component reported job growth, adding almost 11,800 jobs, or over 8%. At the same time, Production jobs decreased significantly by over 115,300 jobs, or over 13%; and, Logistics reported a loss of almost 7,100 jobs, or over 3%.

The following graph illustrates how Design, Production and Logistics jobs have changed in the region from 2001 to 2004:



Within the Design component of the Manufacturing Value Chain, the Architectural, Engineering & Related Services sub-sector provided the most jobs in 2004, with over 62,000 jobs. This sub-sector reported job growth of 1.4%. The second largest sub-sector in Design was Management, Scientific & Technical Consulting Services, with almost 54,400 jobs. This sub-sector reported strong job growth of 35%.

Within Production, the Cut & Sew Apparel Manufacturing sub-sector reported the most jobs (almost 68,700), but experienced losses of 17% from 2001 to 2004. Second, the Navigational, Measuring, Electromedical & Control Instruments sub-sector reported over 60,000 jobs and job growth, although minimal at only 0.4%. Third, Aerospace Product & Parts Manufacturing reported almost 54,500 jobs, but experienced losses from 2001-2004 of almost 18%.

Within Logistics, the General Freight Trucking sub-sector provided the most jobs, at 35,100 jobs in 2004, but experienced losses of almost 4%. Next, Warehousing & Storage provided 31,900 jobs, and reported job growth of 6.5%. The third largest sub-sector within Logistics was Couriers, which reported 31,000 jobs in 2004 and job losses of over 4% for the 2001-2004 period.

TWO KEY SECTORS WITHIN TRADITIONAL MANUFACTURING

The previous economic base report looked specifically at the Diversified Manufacturing and High Tech Manufacturing sectors. Each is discussed briefly below, to provide an update on these key sectors.

Diversified Manufacturing

Diversified Manufacturing provided almost 8% of the jobs in the Southern California Region in 2004. The sector's employment fluctuated with the economic cycle between 1990 and 2002, ending with nearly 640,000 jobs in 2002, as reported in the previous economic base report. Employment fell from 1990-1992, and then grew from 1993 through 2000, with a slight dip in 1999. Then, during the recession in 2001, job losses were significant, falling in 2001 and 2002. For the period of 2001 to 2004, Diversified Manufacturing lost 85,200 jobs, or over 13%.

Within the Diversified Manufacturing industry, the larger sectors based on 2004 employment include Fabricated Metal Product Manufacturing (led by Machine Shops); Apparel Manufacturing (led by Cut & Sew Apparel Manufacturing); and, Miscellaneous Manufacturing (jobs were split between Medical Equipment & Supplies Manufacturing and Other Miscellaneous Manufacturing, with the first reporting slightly more jobs). All three sectors reported job losses for the 2001-2004 period.

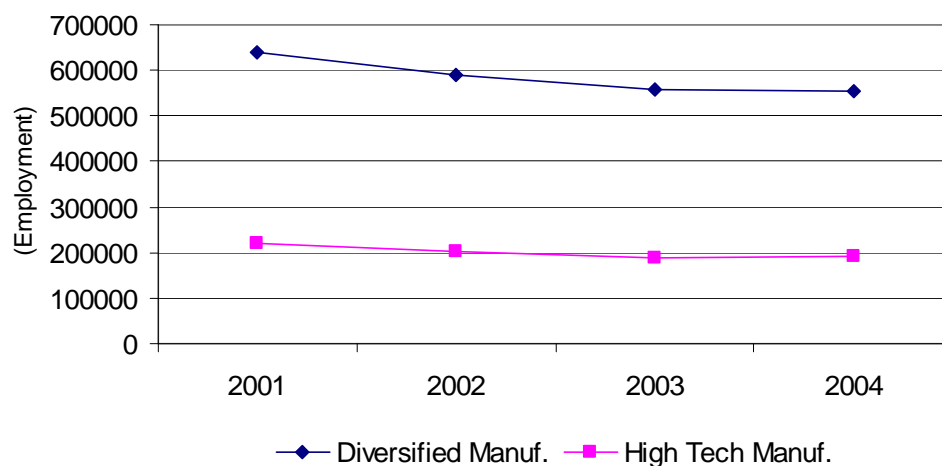
High Tech Manufacturing

High Tech Manufacturing provided almost 3% of the region's total jobs in 2004. The previous economic base report showed that High Tech Manufacturing job levels fell rapidly between 1990 and 1995, as the result of defense spending cuts and the early '90's recession. From 1996-1998, jobs increased slowly, but then steadily dropped through 2002, and then from 2001-2004, during and after the recent recession, jobs fell through 2003, with a very slight upturn of 1,600 jobs reported in 2004.

For the 1990-2002 period, the region's high tech manufacturing jobs were concentrated in two defense-related sub-sectors; Aerospace Product & Parts Manufacturing had 58,700 jobs in 2002, down from 161,300 in 1990. Electronic Instruments (Navigational, Measuring, Electromedical & Control Instruments) had 57,400 jobs in 2002, down from 108,000 in 1990. Most of the job losses occurred before 1995, while job losses continued through 2002.

During 2001-2004, these two sub-sectors continue to be the leading sectors for employment, although Electronic Instruments (Navigational, Measuring, Electromedical & Control Instruments) now provides the most jobs, with over 60,000 jobs reported in 2004. Job growth fluctuated during the period, with an overall gain of just 0.4% (almost 300 jobs). At the same time, Aerospace Product & Parts Manufacturing reported 54,500 jobs in 2004, with jobs dropping through 2003 and then taking a slight upturn in 2004. Overall, the sub-sector lost almost 18% of its jobs from 2001-2004.

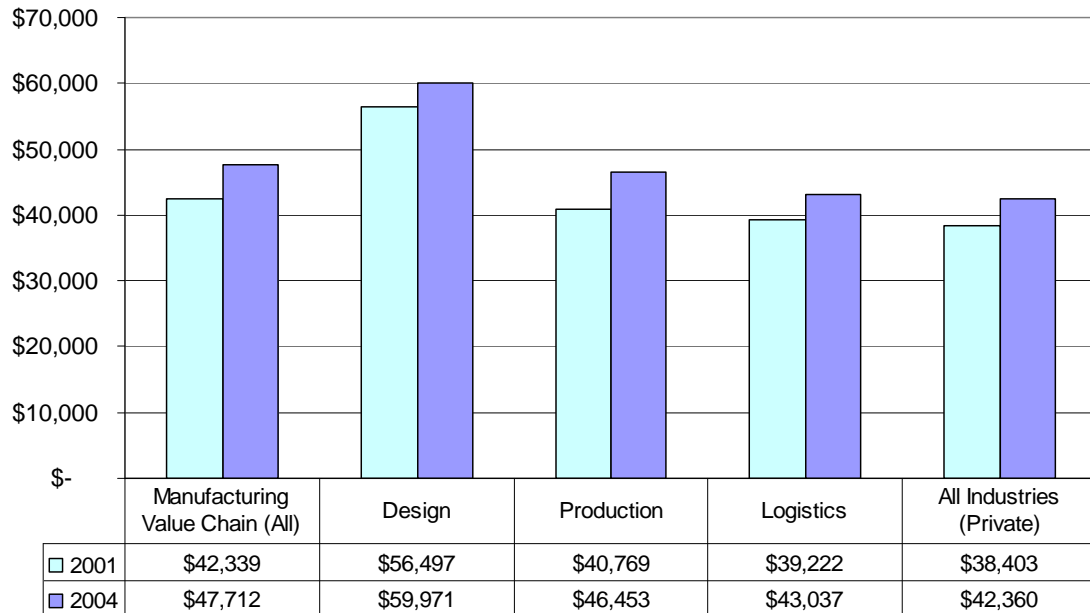
Diviersified and High Tech Manufacturing Jobs



The Manufacturing Value Chain cluster's average annual wage for the region in 2004 was \$47,712, up almost 13% from the 2001 average of \$42,339. Within the cluster, the component with the highest average annual wage is Design, with an average of \$59,971 in 2004. The Manufacturing Value Chain provides 24% of the region's economic base jobs.

The following chart graphs the changes from 2001 to 2004 and compares the industry's average with the region's overall average wage (all industries).

The Manufacturing Value Chain Wages



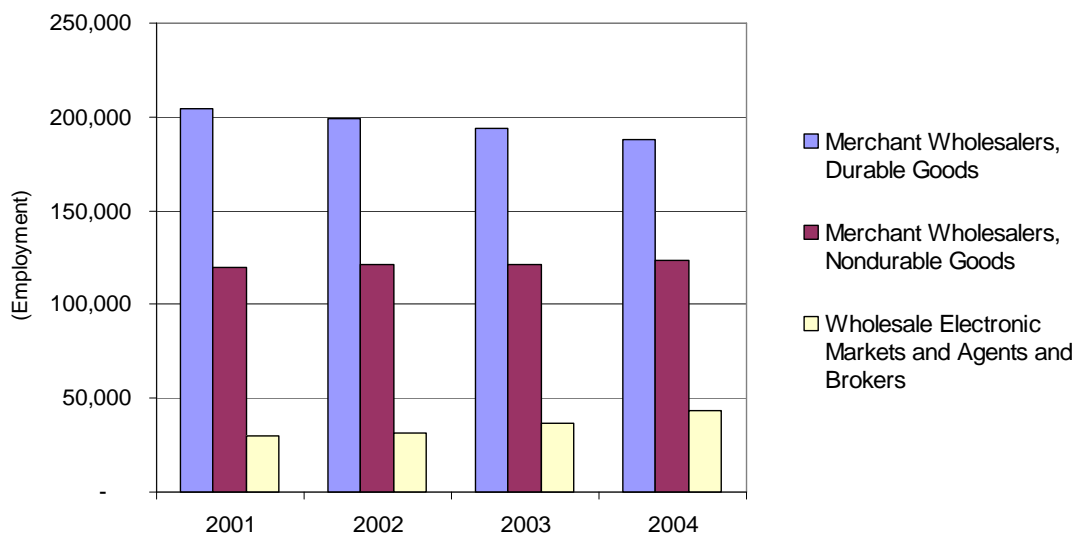
WHOLESALE TRADE

Wholesale Trade provided almost 8% of the economic base jobs for the Bay Area Region in 2004, over 354,600 jobs, and 5% of all jobs in the region.

During the period of 1990-2002, Wholesale Trade added 40,000 jobs, reporting 320,700 jobs in 2002. Wholesalers-Durable Goods jobs fell during the recession of the early '90's, grew through 2001, and then dropped very slightly in 2002, with 200,100 jobs reported in 2002. Wholesalers -Nondurable Goods grew very slightly in the early '90's, with a slight dip in 1993, followed by slow but steady growth through 2002. The sub-sector reported 120,600 jobs in 2002. (The data for the 1990-2002 period include Wholesalers of Durable Goods and Wholesalers of Nondurable Goods; the data for the 2001-2004 period adds Wholesale Electronic Markets & Agents & Brokers, so totals will differ for the overlapping years.)

For the 2001-2004 period, Wholesale Trade reported modest overall growth of 1,300 jobs, or 0.4%, rising from about 353,300 jobs in 2001 to 354,600 jobs in 2004. During this time, Wholesalers-Durable Goods reported losses of 15,900 jobs, or almost 8%, while Wholesalers of Nondurable Goods reported job gains of 3,900 jobs, or over 3%. The smaller sector, Wholesale Electronic Markets & Agents & Brokers, reported strong growth, adding almost 13,400 jobs or 45%.

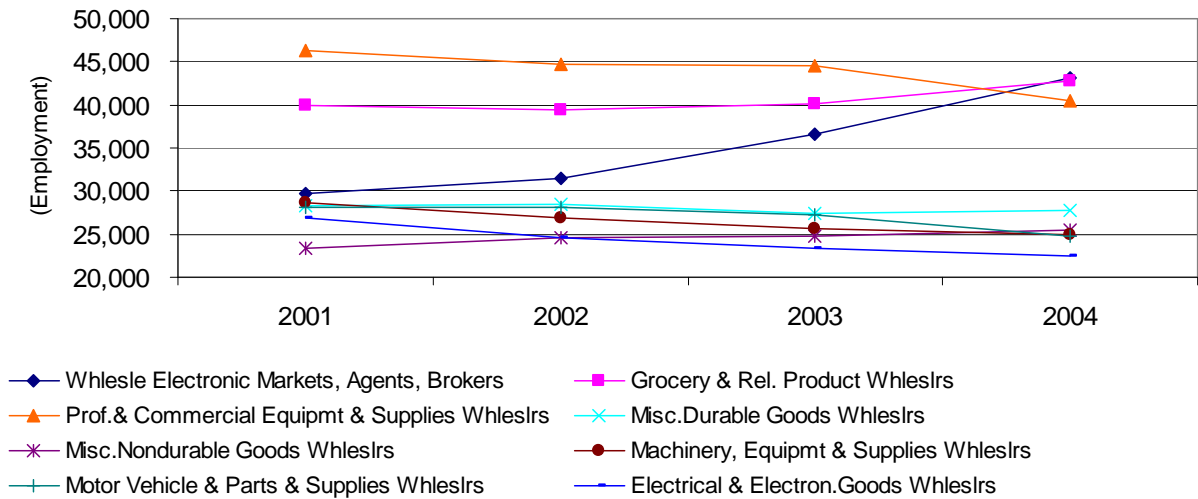
Wholesale Trade Jobs



Within the Wholesale Trade industry, the sub-sectors providing the greatest number of jobs are Wholesale Electronic Markets & Agents & Brokers (over 43,100 jobs in 2004); Grocery & Related Product Wholesalers (over 42,800 jobs); Professional & Commercial Equipment & Supplies Merchants (almost 40,500 jobs); and, Miscellaneous Durable Goods Merchant Wholesalers (over 27,800 jobs).

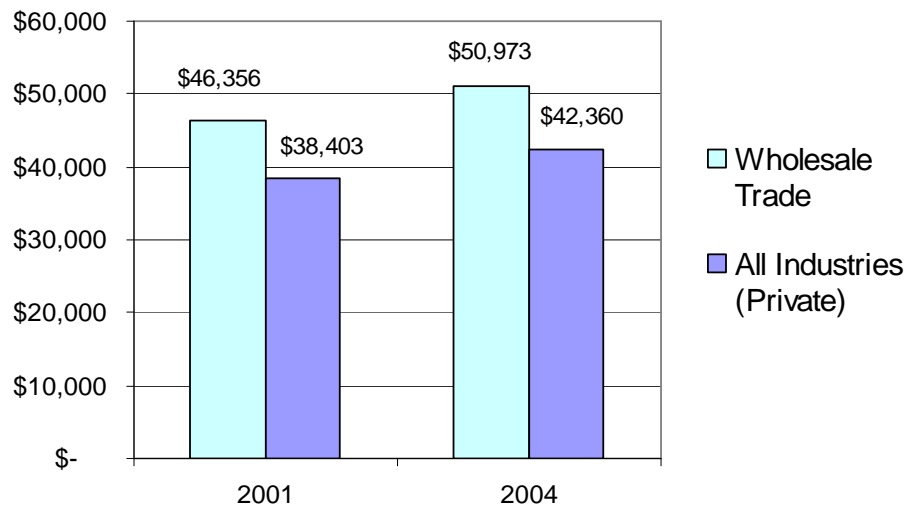
The following graph shows job growth for the top eight sub-sectors from 2001-2004:

Wholesale Trade Jobs Leading Sub-sectors



The industry's average annual wage for the region in 2004 was \$50,973, up 10% from the 2001 average of \$46,356. Wholesale Trade provides 8% of the region's economic base jobs. The following chart graphs the changes from 2001 to 2004 and compares the industry's average with the region's overall average wage (all industries).

Wholesale Trade Wages



The following table provides information on employment in the Wholesale Trade industry:

| Southern California Region | | | | |
|--|-------------|-------------|-------------|-------------|
| Wholesale Trade | | | | |
| (Thousands of Jobs) | | | | |
| | 2001 | 2002 | 2003 | 2004 |
| Motor Vehicle, Parts, Supplies Wholesalers | 28.1 | 28.1 | 27.3 | 24.8 |
| Furniture & Home Furnishing Wholesalers | 13.3 | 13.3 | 12.7 | 12.9 |
| Lumber & Construction Materials Wholesalers | 10.0 | 11.0 | 11.6 | 12.7 |
| Prof. & Commercial Equip. & Supplies Wholesalers | 46.3 | 44.7 | 44.5 | 40.5 |
| Metal & Mineral (except Petroleum) Wholesalers | 8.1 | 7.9 | 7.4 | 7.6 |
| Electrical & Electronic Goods Wholesalers | 26.8 | 24.6 | 23.3 | 22.4 |
| Hardware, Plumbing, Heating & Supplies Wholesalers | 14.4 | 14.1 | 14.0 | 14.3 |
| Machinery, Equipment, & Supplies Wholesalers | 25.6 | 26.8 | 25.7 | 25.0 |
| Miscellaneous Durable Goods Wholesalers | 28.3 | 28.5 | 27.4 | 27.8 |
| Paper & Paper Product Wholesalers | 10.0 | 9.7 | 9.2 | 9.3 |
| Drugs and Druggists' Sundries Wholesalers | 9.0 | 10.5 | 11.3 | 11.2 |
| Apparel, Piece Goods, & Notions Wholesalers | 23.7 | 23.4 | 22.0 | 21.3 |
| Grocery & Related Product Wholesalers | 39.9 | 39.3 | 40.1 | 42.8 |
| Farm Product Raw Material Wholesalers | 0.2 | 0.3 | 0.3 | 0.2 |
| Chemical & Allied Products Wholesalers | 6.9 | 7.1 | 7.1 | 6.7 |
| Petroleum & Petroleum Products Wholesalers | 2.8 | 2.7 | 2.9 | 2.7 |
| Beer, Wine, & Distilled Alcoholic Bev. Wholesalers | 3.8 | 3.6 | 3.2 | 3.7 |
| Miscellaneous Nondurable Goods Wholesalers | 23.4 | 24.5 | 24.8 | 25.5 |
| Wholesale Electronic Markets & Agents & Brokers | 29.7 | 31.4 | 36.6 | 43.1 |

Source: California Employment Development Department
(Green depicts an increase, yellow depicts a decrease.)

HEALTH SCIENCES & SERVICES

For the previous economic base report, the Health Care & Social Assistance industry was used for studying employment in health care. The industry also included social services. For this and future reports, the Health Sciences & Services industry cluster will be used instead of Health Care & Social Assistance.

The Health Sciences & Services cluster includes health care services, such as offices of physicians, dentists, other health practitioners and other outpatient care facilities; hospitals; laboratories; home health care; nursing care and other residential care facilities. It also includes community, emergency and other relief services; vocational rehabilitation services; and, death care services. Within health sciences, the cluster includes pharmaceutical and medicine manufacturing; medical equipment and supplies manufacturing; and, scientific research and development (R&D) services.

In 2004, the Health Sciences & Services cluster was the third largest component of the Southern California Region's economic base, providing almost 623,100 jobs – 13.5% of the economic base jobs, and almost 9% of all jobs in the region.

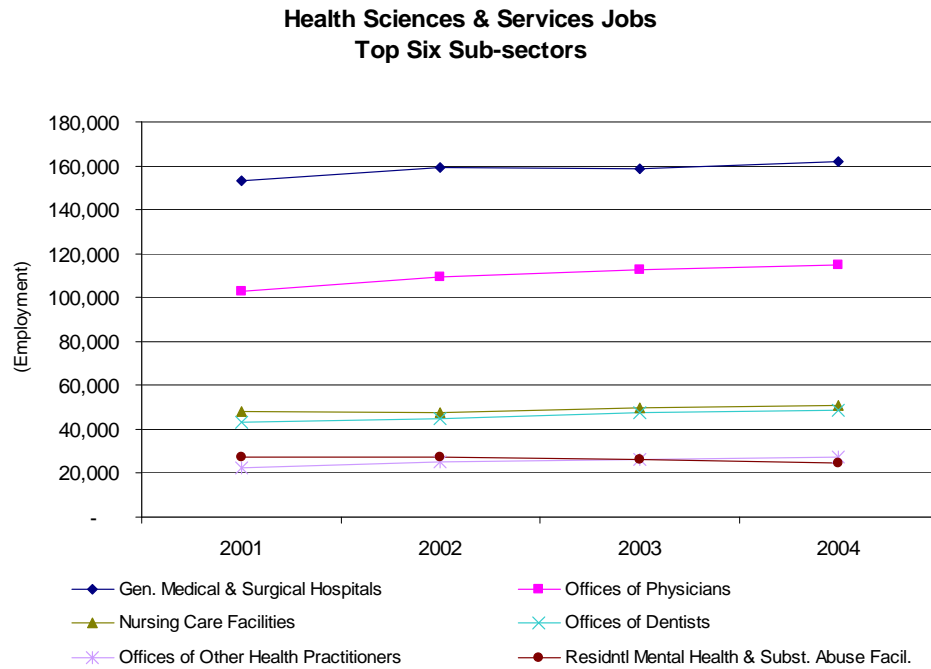
From 1990-2002, the Health Sciences & Services cluster experienced steady growth, from about 488,800 jobs in 1990 to nearly 591,700 jobs in 2002, for an average annual growth rate of 1.6%, as reported in the study, *Golden Opportunity, Growing Crisis: The Health Sciences and Services Cluster (September 2004)*.

From 2001-2004, Health Sciences & Services reported overall job growth of 49,000 jobs or 8.5%; jobs have been steadily growing throughout the period.

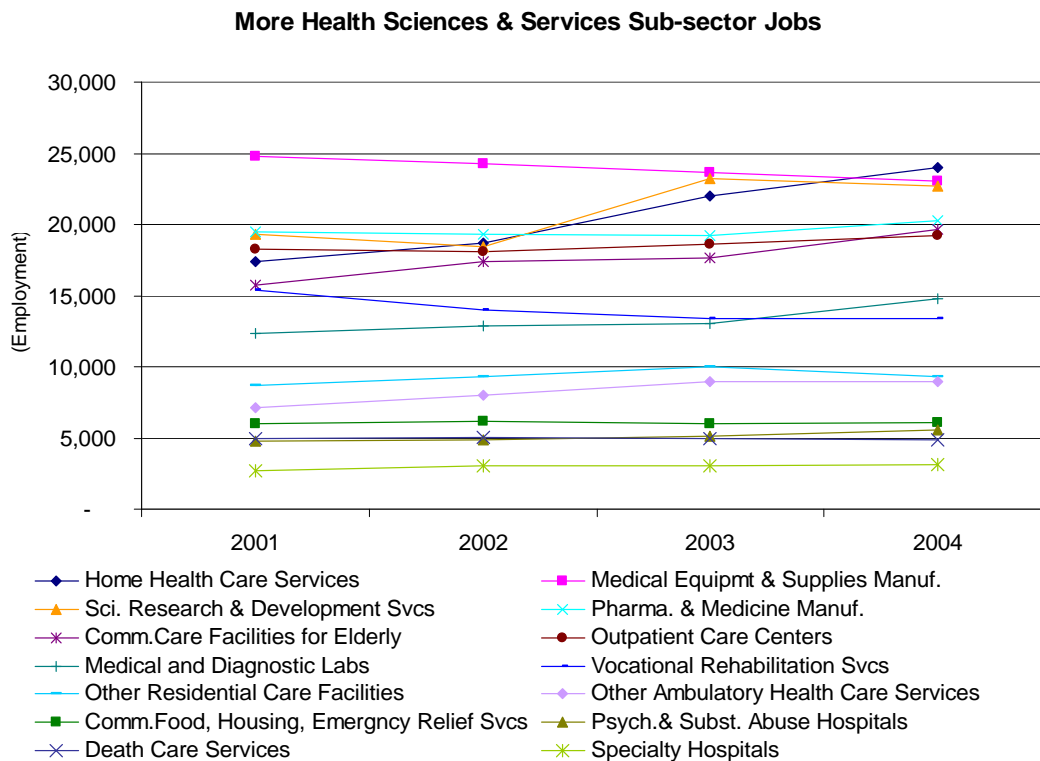
Within the cluster, the General Medical & Surgical Hospitals sub-sector provides the most jobs, with almost 161,800 jobs in 2004; this was an increase of over 5% from 2001-2004. The second largest sub-sector was Offices of Physicians, with almost 115,100 jobs and growth of almost 12%. Next, Nursing Care Facilities reported over 50,700 jobs in 2004, and growth of almost 6%. Fourth, the Offices of Dentists sub-sector reported almost 48,700 jobs and 12.5% growth during the period.

These were followed by Offices of Other Health Practitioners, with almost 27,300 jobs (up 22.5%); and, Residential Mental Health & Substance Abuse Hospitals, with 24,600 jobs (down almost 10%).

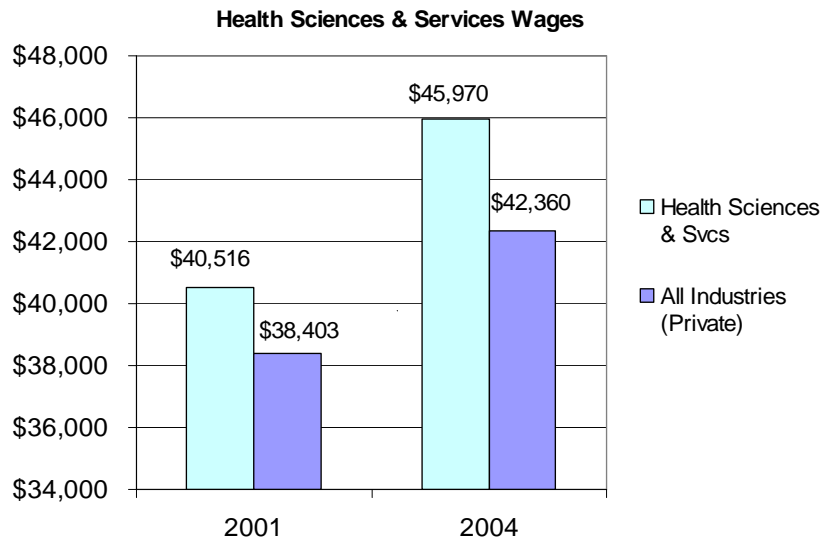
The following graph shows the change in employment from 2001 to 2004 for the top six sub-sectors:



The next graph shows the change in employment from 2001 to 2004 for the remaining sub-sectors:



The cluster's average annual wage for the region in 2004 was \$45,970, up 13.5% from the 2001 average of \$40,516. Health Sciences & Services provides 13% of the region's economic base jobs. The following chart graphs the changes from 2001 to 2004 and compares the industry's average with the region's overall average wage (all industries).



The following table provides data on cluster employment by sub-sector for 2001-2004:

| Southern California Region Health Sciences & Services (Thousands of Jobs) | | | | |
|---|-------|-------|-------|-------|
| | 2001 | 2002 | 2003 | 2004 |
| Pharmaceutical & Medicine Manufacturing | 19.5 | 19.3 | 19.2 | 20.3 |
| Medical Equipment & Supplies Manufacturing | 24.8 | 24.3 | 23.7 | 23.0 |
| Scientific Research & Development Services | 19.3 | 18.5 | 23.2 | 22.7 |
| Offices of Physicians | 102.9 | 109.2 | 112.5 | 115.1 |
| Offices of Dentists | 43.3 | 45.0 | 47.8 | 48.7 |
| Offices of Other Health Practitioners | 22.3 | 25.0 | 26.3 | 27.3 |
| Outpatient Care Centers | 18.2 | 18.0 | 18.6 | 19.2 |
| Medical & Diagnostic Laboratories | 12.4 | 12.9 | 13.1 | 14.7 |
| Home Health Care Services | 17.4 | 18.7 | 22.0 | 24.0 |
| Other Ambulatory Health Care Services | 7.1 | 8.0 | 8.9 | 9.0 |
| General Medical & Surgical Hospitals | 153.5 | 159.4 | 158.9 | 161.8 |
| Psychiatric & Substance Abuse Hospitals | 4.8 | 4.8 | 5.2 | 5.6 |
| Specialty (except Psychiatric & Subst. Abuse) Hospitals | 2.7 | 3.1 | 3.0 | 3.1 |
| Nursing Care Facilities | 47.9 | 47.6 | 50.0 | 50.7 |
| Residential Mental Health & Subst. Abuse Facilities | 27.2 | 27.5 | 26.4 | 24.6 |
| Community Care Facilities for the Elderly | 15.7 | 17.4 | 17.7 | 19.7 |
| Other Residential Care Facilities | 8.7 | 9.3 | 10.0 | 9.3 |
| Comm. Food, Housing, Emergency & Other Relief Svcs | 6.0 | 6.2 | 6.0 | 6.1 |
| Vocational Rehabilitation Services | 15.4 | 14.0 | 13.4 | 13.4 |
| Death Care Services | 5.0 | 5.0 | 4.9 | 4.9 |

Source: California Employment Development Department
 (Green depicts an increase, yellow depicts a decrease.)

BASIC INFORMATION SERVICES

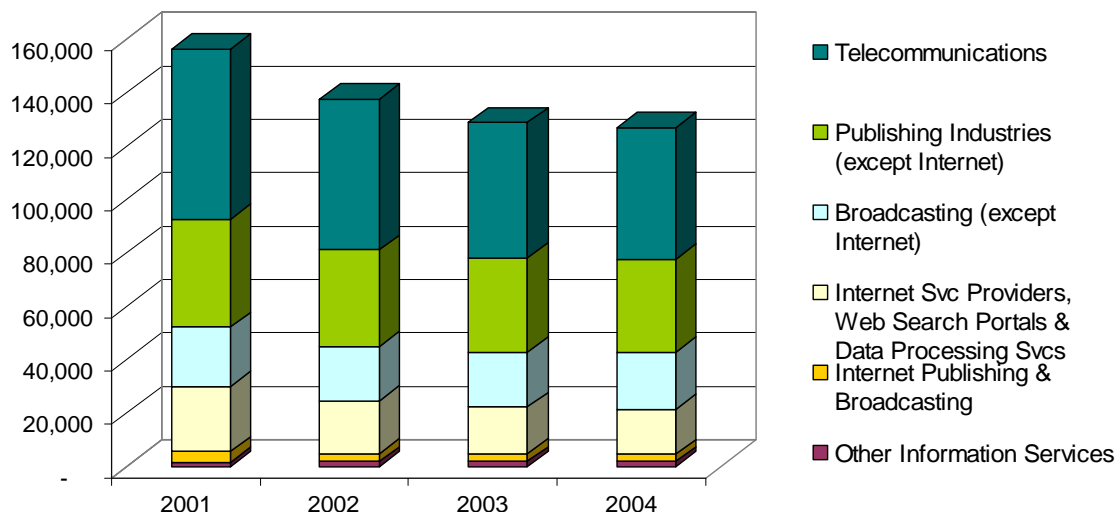
Basic Information Services includes the main sectors Broadcasting; Internet Publishing & Broadcasting; Telecommunications; Internet Service Providers, Web Search Portals & Data Processing; and, Other Information Services.

The smallest component of the Southern California Region's economic base, the Basic Information Services industry provided almost 127,000 jobs in 2004, which represented almost 3% of the economic base jobs and almost 2% of all jobs in the region.

From 1990-2002, Basic Information Services employment increased from 102,300 jobs in 1990 to 113,300 jobs in 2002. Employment fell from 1990 to 1994, and then increased from 1995 through 2000, peaking in 2000 at about 130,000 jobs. Jobs fell slightly in 2001, and then dropped more in 2002. The three largest sub-sectors were Telecommunications Resellers, Broadcasting, and Internet Service Providers.

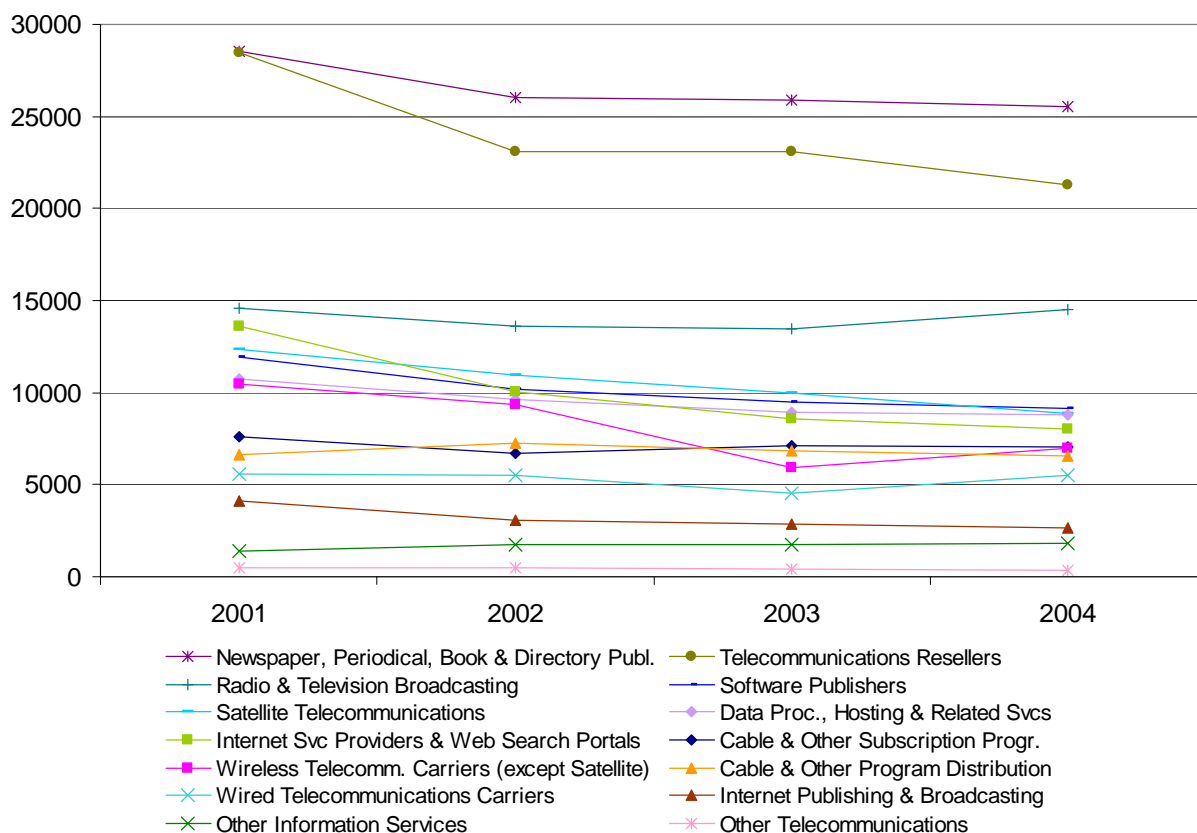
From 2001-2004, job losses continued, going from about 156,500 jobs in 2001 to almost 127,000 jobs in 2004; a loss of 29,500 jobs, or 19%. The largest sector is Telecommunications, with 49,500 jobs in 2004 (down almost 23% from 2001). This was followed by Publishing Industries (except Internet), with 34,700 jobs (down 17%). Next, Broadcasting provided over 21,500 jobs in 2004 (down 3%), and Internet Service Providers, Web Search Portals & Data Processing Services provided 16,800 jobs (down 31%).

Basic Information Services Jobs



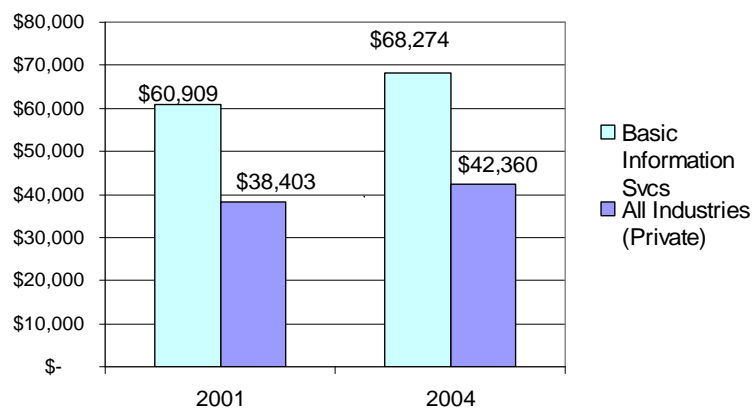
The leading sub-sectors within Basic Information Services are Newspaper, Periodical, Book, and Directory Publishers, with almost 25,600 jobs in 2004 (down 10% from 2001); Telecommunications Resellers, with almost 21,300 jobs (down over 25%); Radio & Television Broadcasting, with 14,500 jobs (down 0.4%); and, Software Publishers, with almost 9,200 jobs (down 23%).

Basic Information Services Sub-sector Employment



The industry's average annual wage for the region in 2004 was \$68,274, up over 12% from the 2001 average of \$60,909. Basic Information Services provides 3% of the region's economic base jobs. The following chart graphs the changes from 2001 to 2004 and compares the industry's average with the region's overall average wage (all industries).

Basic Information Services Wages



The following table provides employment data for the industry:

| Southern California Region Basic Information Services (Thousands of Jobs) | | | | |
|---|-----------------|-----------------|-----------------|-------------|
| | 1990 | 2000 | 2002 | 2004 |
| Publishing Industries (except Internet) | (Not available) | (Not available) | (Not available) | 34.7 |
| Software publishers | 4.4 | 11.9 | 10.4 | 9.2 |
| Broadcasting, except Internet | 19.1 | 22.4 | 21.0 | 21.5 |
| Internet publishing and broadcasting | 0.4 | 4.8 | 3.2 | 2.6 |
| Telecommunications | 55.4 | 61.0 | 57.9 | 49.5 |
| Wired Carriers | 2.5 | 5.6 | 5.6 | 5.5 |
| Wireless Carriers | 2.0 | 10.5 | 9.3 | 7.0 |
| Telecommunications Resellers | 39.3 | 26.9 | 24.1 | 21.3 |
| ISPs and data processing | 19.0 | 28.3 | 19.1 | 16.8 |
| Other information services | 3.9 | 1.3 | 1.8 | 1.8 |

Source: EDD – Employment numbers for 1990, 2000 and 2002 shown above were taken from the first economic base report.
(Green depicts an increase, yellow depicts a decrease.)

PROFESSIONAL, SCIENTIFIC, TECHNICAL & MANAGEMENT SERVICES

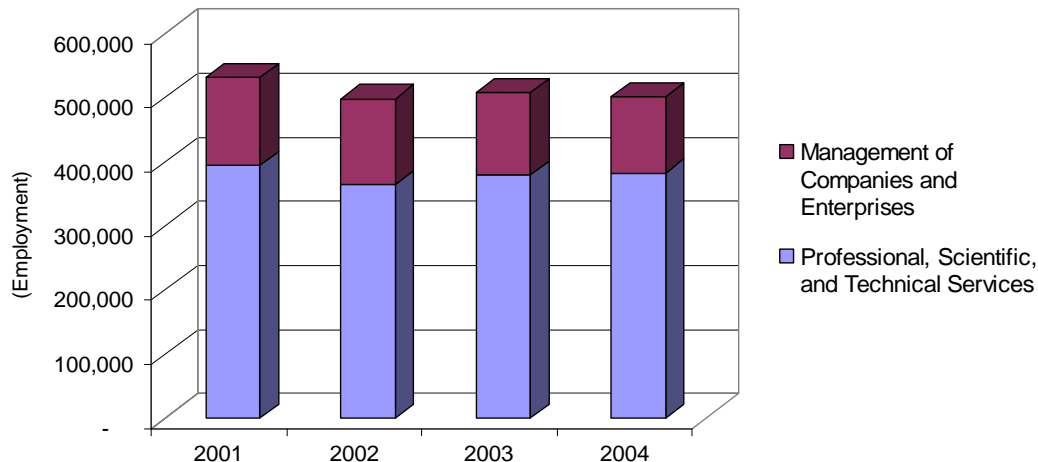
Professional, Scientific, Technical & Management Services combines two sectors; Professional, Scientific & Technical Services and Management of Companies & Enterprises.

The Management of Companies and Enterprises sector is a newer category introduced by the NAICS coding system. There appears to have been significant changes in the use of the NAICS codes within this sector since its introduction, where companies originally using this classification may no longer identify themselves in the sector. In some or many cases, they may be identifying themselves within the Professional, Scientific & Technical Services sector.

The Professional, Scientific, Technical & Management Services industry was the fourth largest component of the Southern California Region's economic base in 2004, providing 501,900 jobs; 11% of the jobs in the economic base and over 7% of all jobs in the region.

Within this industry, the Professional, Scientific & Technical Services sector represented over 76% of the industry's jobs; Management of Companies & Enterprises represented almost 24%.

Professional, Scientific, Technical & Management Services

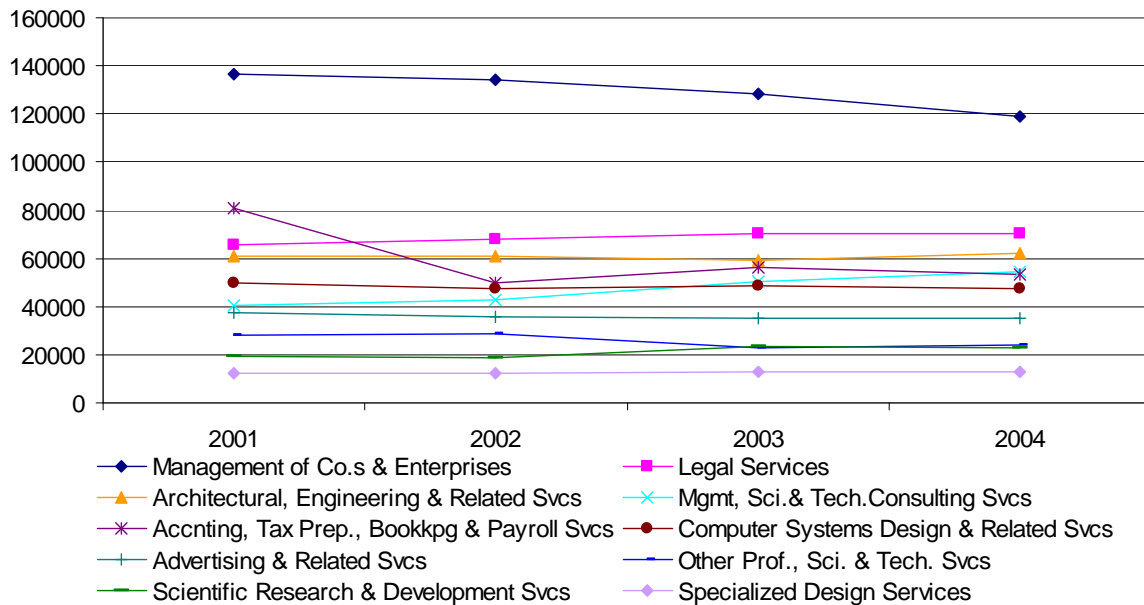


For the period 1990-2002, employment in the industry rose from under 460,000 jobs in 1990 to 499,700 jobs in 2002. Employment fell during the recession in the early '90's, then grew with modest to strong growth through 2000. Employment leveled out in 2001 and dropped slightly in 2002. (The data source from the original base report indicated there were 499,700 jobs in 2002, while the current data source reports 498,200.)

For the period 2001 – 2004, the Professional, Scientific, Technical & Management Services industry reported overall job losses of about 29,400 jobs, a loss of 5.5%.

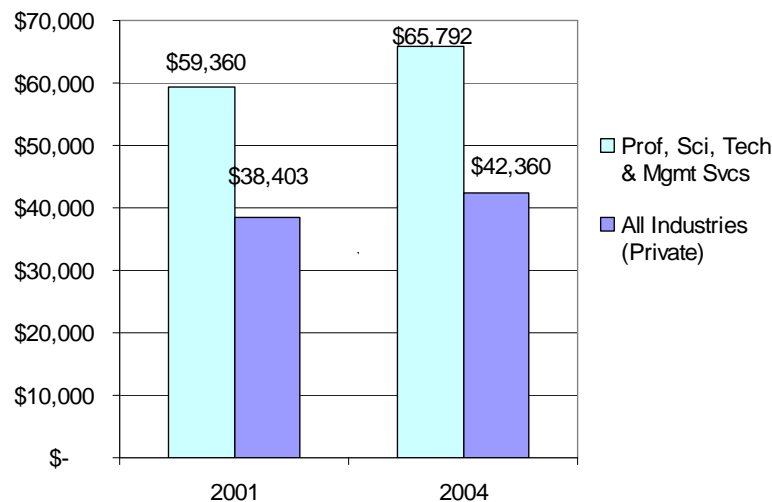
Within the industry, the sub-sectors providing the most jobs in 2004 were Management of Companies & Enterprises, with 119,200 jobs (down 13%); Legal Services, with 70,400 jobs (up 7%); Architectural, Engineering & Related Services, with over 62,000 jobs (up over 1%); and, Management, Scientific & Technical Consulting Services, with almost 54,400 jobs (up 35%).

**Professional, Scientific, Technical & Management Services
Sub-sector Employment**



The industry's average annual wage for the region in 2004 was \$65,792, up almost 11% from the 2001 average of \$59,360. Professional, Scientific, Technical & Management Services provides 11% of the region's economic base jobs. The following chart graphs the changes from 2001 to 2004 and compares the industry's average with the region's overall average wage (all industries).

Professional, Scientific, Technical & Management Wages



The following table provides information on employment at the sub-sector level, listed in NAICS code order:

| Southern California Region Professional, Scientific, Technical & Management Services (Thousands of jobs) | | | | |
|--|-------------|-------------|-------------|-------------|
| | 1990 | 2000 | 2002 | 2004 |
| Legal Services | 68.2 | 63.2 | 67.6 | 70.4 |
| Accounting, Tax Prep, Bookkpg & Payroll | 63.7 | 48.9 | 52.8 | 53.6 |
| Architectural, Engineering & Related Svcs | 58.0 | 57.6 | 59.7 | 62.0 |
| Specialized Design Services | 10.1 | 12.1 | 12.3 | 13.1 |
| Computer Systems Design & Related Svcs | 28.2 | 50.8 | 47.5 | 47.3 |
| Mgmt, Sci. & Tech. Consulting Svcs | 31.9 | 37.1 | 42.4 | 54.4 |
| Sci. Research & Devel. Svcs | 27.6 | 18.8 | 18.3 | 22.7 |
| Advertising & Related Svcs | 35.8 | 38.3 | 35.9 | 35.3 |
| Other Prof., Sci. & Tech. Svcs | 27.4 | 27.7 | 28.8 | 24.0 |
| Mgmt of Co.s & Enterprises | 105.8 | 149.3 | 134.3 | 119.2 |

Source: California Employment Development Department
Employment numbers for 1990, 2000 and 2002 were taken from the first economic base report.
(Green depicts an increase, yellow depicts a decrease.)

ENTERTAINMENT & TOURISM

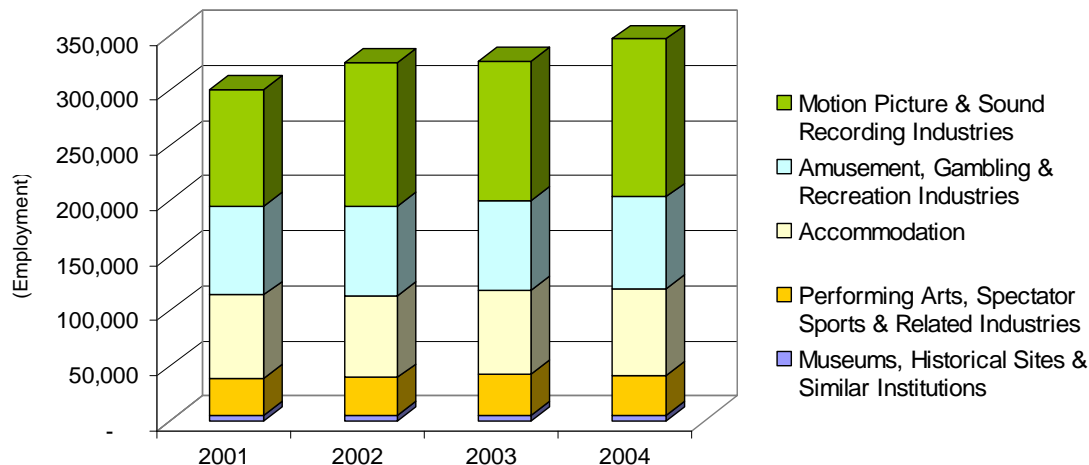
The Entertainment & Tourism industry combines Accommodation with Arts, Entertainment & Recreation, and also includes Motion Picture & Sound Recording Industries; it does not include Food Services. This is consistent with the original economic base reports for urban areas.

The Entertainment & Tourism industry is the seventh largest component of the Southern California Region's economic base. The industry provides 7.5% of the economic base jobs, and almost 5% of all jobs in the region.

From 1990-2002, the Entertainment & Tourism industry rose from 179,900 jobs to 322,800 jobs. While employment rose slightly overall, job levels dipped in both recessions. As reported by the previous economic base report, this is somewhat unusual for this sector; however, in both cases, foreign and domestic tourism were negatively affected by special events – the civil disturbances in the early '90's and the 9/11 attack in 2001.

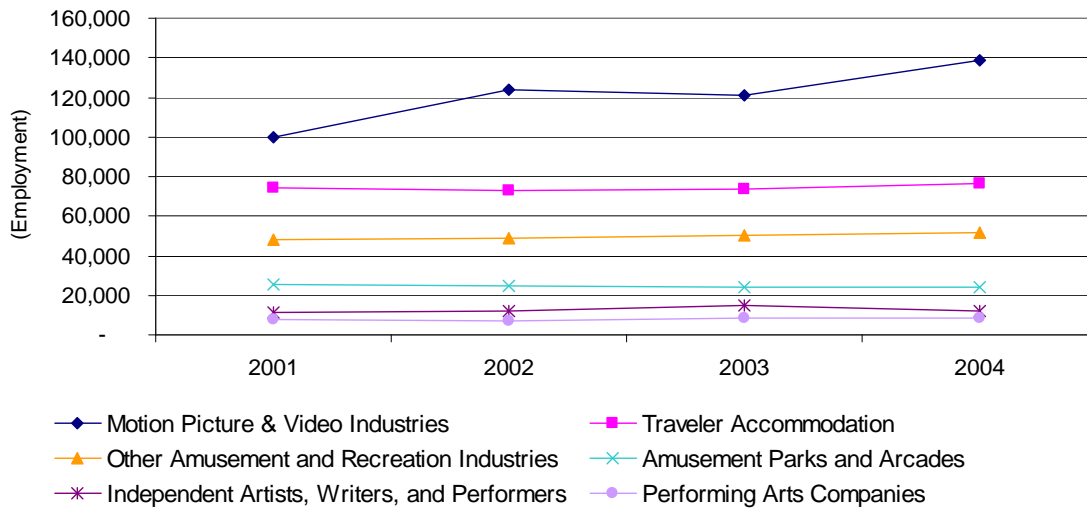
For the 2001-2004 period, Entertainment & Tourism rose from 300,600 jobs to 345,800 jobs – an increase of 45,200 jobs or 15%. All five major sectors reported job growth.

Entertainment & Tourism Jobs



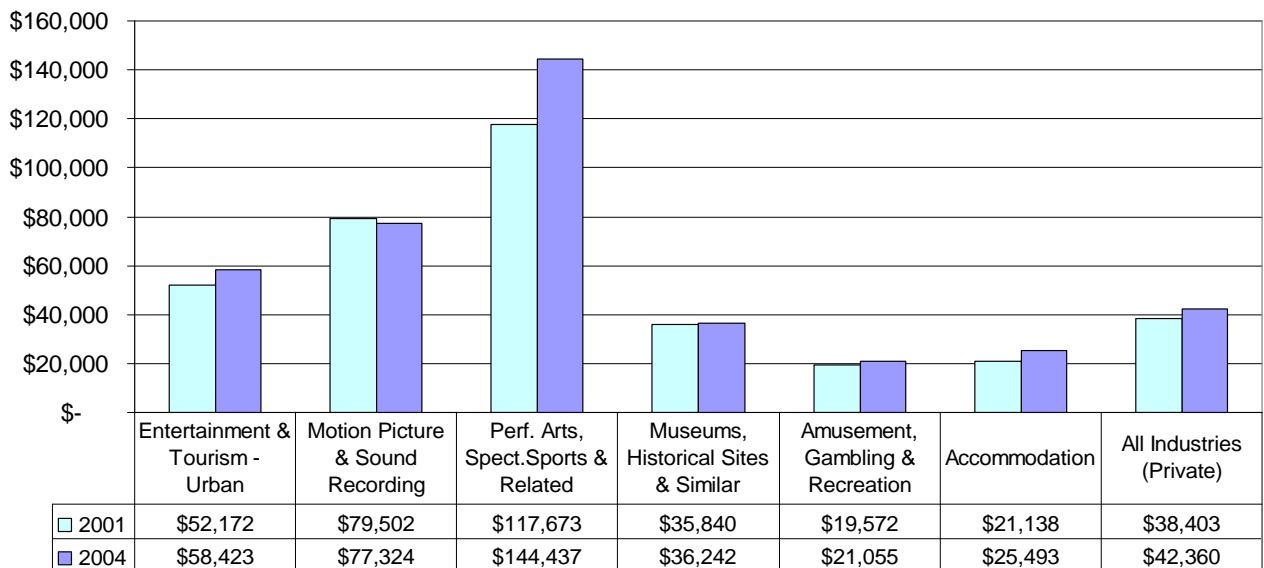
Across all sectors, the leading sub-sectors were Motion Picture & Video Industries (139,100 jobs in 2004); Traveler Accommodation (over 76,700 jobs); Other Amusement & Recreation Industries (almost 51,600 jobs); Amusement Parks & Arcades (over 23,700 jobs); Independent Artists, Writers & Performers (12,100 jobs); and, Performing Arts Companies (over 8,300 jobs). Taking a closer look at Other Amusement & Recreation Industries, the majority of the jobs were found in Fitness & Recreational Sports Centers, with over 25,600 jobs in 2004, followed by Golf Courses & Country Clubs with 15,500 jobs.

Entertainment & Tourism Leading Sub-sectors



The industry's average annual wage for the region in 2004 was \$58,423, up 12% from the 2001 average of \$52,172. Entertainment & Tourism provides 5% of the region's economic base jobs. Within the industry, the Performing Arts, Spectator Sports & Related Industries sector reported the highest average wage, at \$144,437. The following chart graphs the changes from 2001 to 2004 and compares the industry's average with the region's overall average wage (all industries).

Entertainment & Tourism Wages



The following table provides data on all sub-sectors in the industry, listed in NAICS code order:

| Southern California Region Entertainment & Tourism (Thousands) | | | | |
|--|--------------|--------------|--------------|--------------|
| | 1990 | 2000 | 2002* | 2004 |
| Motion Picture & Sound Recording Industries | 100.9 | 145.0 | 127.9 | 143.0 |
| Performing Arts, Spectator Sports, and Related Industries | 36.6 | 34.4 | 34.4 | 36.1 |
| Museums, Historical Sites, and Similar Institutions | 2.6 | 4.4 | 4.6 | 4.9 |
| Amusement, Gambling, and Recreation Industries | 57.8 | 71.9 | 81.7 | 83.0 |
| Accommodation | 82.1 | 77.5 | 74.2 | 78.8 |
| Entertainment & Tourism | 279.9 | 333.1 | 322.8 | 345.8 |

Source: California Employment Development Department

Employment numbers for 1990, 2000 and 2002 were taken from the first economic base report.

(Green depicts an increase, yellow depicts a decrease.)

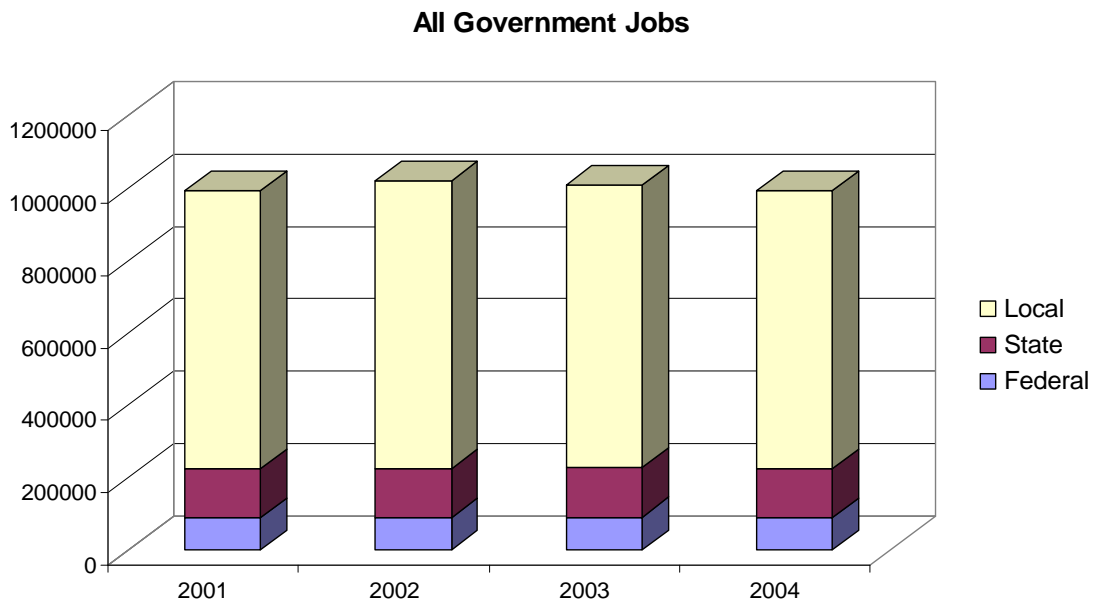
ALL GOVERNMENT

All Government includes federal, state and local government jobs. Jobs in public education are reported in the state and local government sectors. Government jobs also include defense (reported at the federal level), law enforcement, firefighting and public services. In the original economic base report, Local Government was not included.

All Government is the second largest component of the Southern California Region's economic base. This industry provided 21.5% of the economic base jobs in the region in 2004, and over 14% of all jobs in the region.

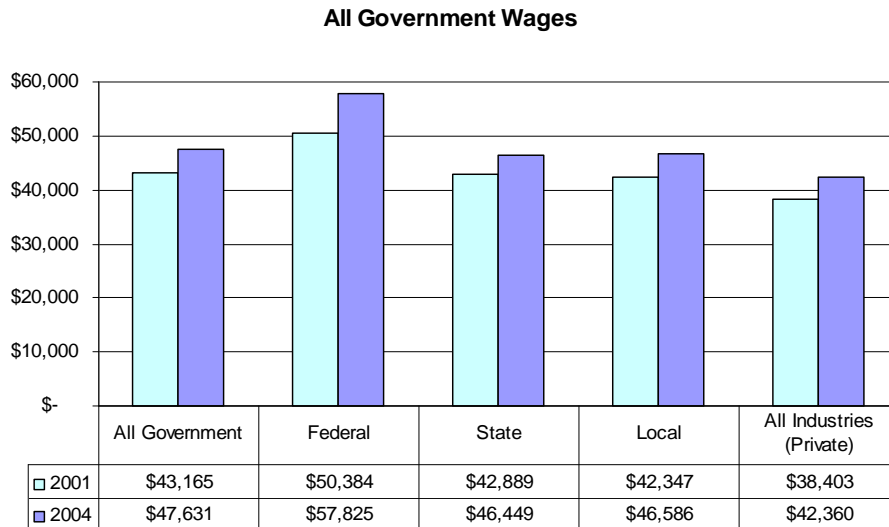
From 1990-2002, Federal Government jobs fell as both military base and civilian job levels declined, from 121,400 jobs in 1990 to 90,800 jobs in 2002, as reported in the original economic base report. The largest losses came from the closure of military bases in the region. During the same time, State Government and State Government Education together added nearly 23,000 jobs from 1990 to 2002. Job levels decreased in 2003 as a result of state budget cuts. (Local Government was not analyzed in the original report.)

In 2004, All Government was composed of over 77% Local Government (including education); 13.5% State Government (including education); and, over 9% Federal Government (including defense).



During the period 2001-2004, All Government jobs rose slightly from 2001 to 2002, and then slowly decreased back to the 2001 level by 2004. State Government grew by less than 1%, while Local Government decreased by 0.2% and Federal Government decreased by 0.3%.

All Government average annual wages include the wages for a broad spectrum of jobs, including elected officials and executive branch, judicial, defense, law enforcement, firefighting, education and other public administration jobs. The industry's average annual wage for the region in 2004 was \$47,631, up over 10% from the 2001 average of \$43,165. Within All Government, the average annual wage for Federal Government was \$57,825; the average for State Government was \$46,449; and, the average annual wage for Local Government was \$46,586. The following chart graphs the changes from 2001 to 2004 and compares the industry's average with the region's overall average wage (all industries).



The following table shows employment for each level of government from 2001-2004:

| Southern California Region All Government (Thousands of Jobs) | | | | |
|---|-------|-------|-------|-------|
| | 2001 | 2002 | 2003 | 2004 |
| Federal Government (includes Defense) | 91.3 | 90.7 | 92.5 | 91.0 |
| Federal Government Defense | 16.1 | 15.7 | 15.3 | 15.2 |
| State Government (includes Education) | 132.6 | 135.7 | 136.4 | 133.8 |
| State Government Education | 72.4 | 74.6 | 75.5 | 74.0 |
| Local Government (includes Education) | 770.7 | 792.7 | 781.0 | 768.8 |
| Local Government Education | 449.1 | 463.0 | 450.0 | 440.0 |

Source: California Employment Development Department

Some government employment may be suppressed due to confidentiality requirements.

(Green depicts an increase, yellow depicts a decrease.)

APPENDIX A: Definition of Industry Sectors and Clusters by NAICS Codes

The following lists the major industries and clusters included in the economic base reports, and defines them by NAICS code and classification. Most of these are defined at the three-digit and/or four-digit NAICS code levels, but some are defined at the five-digit and/or six-digit NAICS code levels.

THE FOOD CHAIN

Distribution

| | |
|-------|---|
| 4244 | Grocery and Related Product Wholesalers |
| 4245 | Farm Product Raw Material Merchant Wholesalers |
| 4248 | Beer, Wine, and Distilled Alcoholic Beverage Merchant Wholesalers |
| 42491 | Farm Supplies Merchant Wholesalers |
| 4452 | Specialty Food Stores |
| 49313 | Farm Product Warehousing and Storage |

Processing

| | |
|--------|---|
| 3111 | Animal Food Manufacturing |
| 3112 | Grain and Oilseed Milling |
| 3113 | Sugar and Confectionery Product Manufacturing |
| 3114 | Fruit and Vegetable Preserving and Specialty Food Manufacturing |
| 3115 | Dairy Product Manufacturing |
| 3116 | Animal Slaughtering and Processing |
| 3117 | Seafood Product Preparation and Packaging |
| 3118 | Bakeries and Tortilla Manufacturing |
| 3119 | Other Food Manufacturing |
| 322215 | Nonfolding Sanitary Food Container Manufacturing |
| 32616 | Plastics Bottle Manufacturing |
| 327213 | Glass Container Manufacturing |
| 332115 | Crown and Closure Manufacturing |
| 332431 | Metal Can Manufacturing |
| 31211 | Soft Drink and Ice Manufacturing |
| 31212 | Breweries |
| 31213 | Wineries |
| 31214 | Distilleries |

Production

| | |
|--------|------------------------------|
| 1111 | Oilseed and Grain Farming |
| 1113 | Fruit and Tree Nut Farming |
| 11141 | Food Crops Grown Under Cover |
| 11193 | Sugarcane Farming |
| 11194 | Hay Farming |
| 111991 | Sugar Beet Farming |
| 111992 | Peanut Farming |
| 1112 | Vegetable and Melon Farming |

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|--------|--------------------------------------|
| 111998 | All Other Miscellaneous Crop Farming |
| 1121 | Cattle Ranching and Farming |
| 1122 | Hog and Pig Farming |
| 1123 | Poultry and Egg Production |
| 1124 | Sheep and Goat Farming |
| 1125 | Animal Aquaculture |
| 1129 | Other Animal Production |
| 1141 | Fishing |
| 1142 | Hunting and Trapping |

Support

| | |
|--------|--|
| 1151 | Support Activities for Crop Production |
| 1152 | Support Activities for Animal Production |
| 22131 | Water Supply and Irrigation Systems |
| 23711 | Water and Sewer Line and Related Structures Construction |
| 32192 | Wood Container and Pallet Manufacturing |
| 3253 | Pesticide, Fertilizer, and Other Agricultural Chemical Manufacturing |
| 33311 | Agricultural Implement Manufacturing |
| 333294 | Food Product Machinery Manufacturing |
| 42382 | Farm and Garden Machinery and Equipment Merchant Wholesalers |
| 54194 | Veterinary Services |

CONSTRUCTION

| | |
|------|--|
| 236 | Construction of Buildings |
| 2361 | Residential Building Construction |
| 2362 | Nonresidential Building Construction |
| 237 | Heavy and Civil Engineering Construction |
| 2371 | Utility System Construction |
| 2372 | Land Subdivision |
| 2373 | Highway, Street, and Bridge Construction |
| 2379 | Other Heavy and Civil Engineering Construction |
| 238 | Specialty Trade Contractors |
| 2381 | Foundation, Structure, and Building Exterior Contractors |
| 2382 | Building Equipment Contractors |
| 2383 | Building Finishing Contractors |
| 2389 | Other Specialty Trade Contractors |

MANUFACTURING VALUE CHAIN

Design

| | |
|------|---|
| 5413 | Architectural, Engineering, and Related Services |
| 5414 | Specialized Design Services |
| 5416 | Management, Scientific, and Technical Consulting Services |
| 5419 | Other Professional, Scientific, and Technical Services |

Production

| | |
|------|--|
| 3111 | Animal Food Manufacturing |
| 3112 | Grain and Oilseed Milling |
| 3113 | Sugar and Confectionery Product Manufacturing |
| 3114 | Fruit and Vegetable Preserving and Specialty Food Manufacturing |
| 3115 | Dairy Product Manufacturing |
| 3116 | Animal Slaughtering and Processing |
| 3117 | Seafood Product Preparation and Packaging |
| 3118 | Bakeries and Tortilla Manufacturing |
| 3119 | Other Food Manufacturing |
| 3121 | Beverage Manufacturing |
| 3122 | Tobacco Manufacturing |
| 3131 | Fiber, Yarn, and Thread Mills |
| 3132 | Fabric Mills |
| 3133 | Textile and Fabric Finishing and Fabric Coating Mills |
| 3141 | Textile Furnishings Mills |
| 3149 | Other Textile Product Mills |
| 3151 | Apparel Knitting Mills |
| 3152 | Cut and Sew Apparel Manufacturing |
| 3159 | Apparel Accessories and Other Apparel Manufacturing |
| 3161 | Leather and Hide Tanning and Finishing |
| 3162 | Footwear Manufacturing |
| 3169 | Other Leather and Allied Product Manufacturing |
| 3211 | Sawmills and Wood Preservation |
| 3212 | Veneer, Plywood, and Engineered Wood Product Manufacturing |
| 3219 | Other Wood Product Manufacturing |
| 3221 | Pulp, Paper, and Paperboard Mills |
| 3222 | Converted Paper Product Manufacturing |
| 3231 | Printing and Related Support Activities |
| 3241 | Petroleum and Coal Products Manufacturing |
| 3251 | Basic Chemical Manufacturing |
| 3252 | Resin, Synthetic Rubber, and Artificial Synthetic Fibers and Filaments Manufacturing |
| 3253 | Pesticide, Fertilizer, and Other Agricultural Chemical Manufacturing |
| 3255 | Paint, Coating, and Adhesive Manufacturing |
| 3256 | Soap, Cleaning Compound, and Toilet Preparation Manufacturing |
| 3259 | Other Chemical Product and Preparation Manufacturing |
| 3261 | Plastics Product Manufacturing |
| 3262 | Rubber Product Manufacturing |
| 3271 | Clay Product and Refractory Manufacturing |
| 3272 | Glass and Glass Product Manufacturing |
| 3273 | Cement and Concrete Product Manufacturing |
| 3274 | Lime and Gypsum Product Manufacturing |
| 3279 | Other Nonmetallic Mineral Product Manufacturing |
| 3311 | Iron and Steel Mills and Ferroalloy Manufacturing |
| 3312 | Steel Product Manufacturing from Purchased Steel |
| 3313 | Alumina and Aluminum Production and Processing |
| 3314 | Nonferrous Metal (except Aluminum) Production and Processing |
| 3315 | Foundries |
| 3321 | Forging and Stamping |

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|------|---|
| 3322 | Cutlery and Handtool Manufacturing |
| 3323 | Architectural and Structural Metals Manufacturing |
| 3324 | Boiler, Tank, and Shipping Container Manufacturing |
| 3325 | Hardware Manufacturing |
| 3326 | Spring and Wire Product Manufacturing |
| 3327 | Machine Shops-Turned Product- and Screw, Nut, and Bolt Manufacturing |
| 3328 | Coating, Engraving, Heat Treating, and Allied Activities |
| 3329 | Other Fabricated Metal Product Manufacturing |
| 3331 | Agriculture, Construction, and Mining Machinery Manufacturing |
| 3332 | Industrial Machinery Manufacturing |
| 3333 | Commercial and Service Industry Machinery Manufacturing |
| 3334 | Ventilation, Heating, Air-Conditioning and Commercial Refrigeration Equipment Manufacturing |
| 3335 | Metalworking Machinery Manufacturing |
| 3336 | Engine, Turbine, and Power Transmission Equipment Manufacturing |
| 3339 | Other General Purpose Machinery Manufacturing |
| 3341 | Computer and Peripheral Equipment Manufacturing |
| 3342 | Communications Equipment Manufacturing |
| 3343 | Audio and Video Equipment Manufacturing |
| 3344 | Semiconductor and Other Electronic Component Manufacturing |
| 3345 | Navigational, Measuring, Electromedical, and Control Instruments Manufacturing |
| 3346 | Manufacturing and Reproducing Magnetic and Optical Media |
| 3351 | Electric Lighting Equipment Manufacturing |
| 3352 | Household Appliance Manufacturing |
| 3353 | Electrical Equipment Manufacturing |
| 3359 | Other Electrical Equipment and Component Manufacturing |
| 3361 | Motor Vehicle Manufacturing |
| 3362 | Motor Vehicle Body and Trailer Manufacturing |
| 3363 | Motor Vehicle Parts Manufacturing |
| 3364 | Aerospace Product and Parts Manufacturing |
| 3371 | Household and Institutional Furniture and Kitchen Cabinet Manufacturing |
| 3372 | Office Furniture (including Fixtures) Manufacturing |
| 3379 | Other Furniture Related Product Manufacturing |

Logistics

| | |
|------|---|
| 4811 | Scheduled Air Transportation |
| 4812 | Nonscheduled Air Transportation |
| 4821 | Rail Transportation |
| 4831 | Deep Sea, Coastal, and Great Lakes Water Transportation |
| 4832 | Inland Water Transportation |
| 4841 | General Freight Trucking |
| 4842 | Specialized Freight Trucking |
| 4861 | Pipeline Transportation of Crude Oil |
| 4862 | Pipeline Transportation of Natural Gas |
| 4869 | Other Pipeline Transportation |
| 4881 | Support Activities for Air Transportation |
| 4882 | Support Activities for Rail Transportation |
| 4883 | Support Activities for Water Transportation |
| 4884 | Support Activities for Road Transportation |
| 4885 | Freight Transportation Arrangement |

| | |
|------|---|
| 4889 | Other Support Activities for Transportation |
| 4911 | Postal Service |
| 4921 | Couriers |
| 4922 | Local Messengers and Local Delivery |
| 4931 | Warehousing and Storage |

WHOLESALE TRADE

| | |
|-----|---|
| 423 | Merchant Wholesalers, Durable Goods |
| 424 | Merchant Wholesalers, Nondurable Goods |
| 425 | Wholesale Electronic Markets & Agents & Brokers |

RETAIL TRADE

| | |
|------|---|
| 441 | Motor Vehicle and Parts Dealers |
| 4411 | Automobile Dealers |
| 4412 | Other Motor Vehicle Dealers |
| 4413 | Automotive Parts, Accessories, and Tire Stores |
| 442 | Furniture and Home Furnishings Stores |
| 4421 | Furniture Stores |
| 4422 | Home Furnishings Stores |
| 443 | Electronics and Appliance Stores |
| 4431 | Electronics and Appliance Stores |
| 444 | Building Material and Garden Equipment and Supplies Dealers |
| 4441 | Building Material and Supplies Dealers |
| 4442 | Lawn and Garden Equipment and Supplies Stores |
| 445 | Food and Beverage Stores |
| 4451 | Grocery Stores |
| 4452 | Specialty Food Stores |
| 4453 | Beer, Wine, and Liquor Stores |
| 446 | Health and Personal Care Stores |
| 4461 | Health and Personal Care Stores |
| 447 | Gasoline Stations |
| 4471 | Gasoline Stations |
| 448 | Clothing and Clothing Accessories Stores |
| 4481 | Clothing Stores |
| 4482 | Shoe Stores |
| 4483 | Jewelry, Luggage, and Leather Goods Stores |
| 451 | Sporting Goods, Hobby, Book, and Music Stores |
| 4511 | Sporting Goods, Hobby, and Musical Instrument Stores |
| 4512 | Book, Periodical, and Music Stores |
| 452 | General Merchandise Stores |
| 4521 | Department Stores |
| 4529 | Other General Merchandise Stores |
| 453 | Miscellaneous Store Retailers |
| 4531 | Florists |
| 4532 | Office Supplies, Stationery, and Gift Stores |
| 4533 | Used Merchandise Stores |
| 4539 | Other Miscellaneous Store Retailers |
| 454 | Nonstore Retailers |

- 4541 Electronic Shopping and Mail-Order Houses
- 4542 Vending Machine Operators
- 4543 Direct Selling Establishments

BASIC INFORMATION SERVICES

- 511 Publishing Industries (except Internet)
- 515 Broadcasting (except Internet)
- 516 Internet Publishing and Broadcasting
- 517 Telecommunications
- 518 Internet Service Providers, Web Search Portals, and Data Processing Services
- 519 Other Information Services

- 5111 Newspaper, Periodical, Book, and Directory Publishers
- 5112 Software Publishers
- 5151 Radio and Television Broadcasting
- 5152 Cable and Other Subscription Programming
- 5161 Internet Publishing and Broadcasting
- 5171 Wired Telecommunications Carriers
- 5172 Wireless Telecommunications Carriers (except Satellite)
- 5173 Telecommunications Resellers
- 5174 Satellite Telecommunications
- 5175 Cable and Other Program Distribution
- 5179 Other Telecommunications
- 5181 Internet Service Providers and Web Search Portals
- 5182 Data Processing, Hosting, and Related Services
- 5191 Other Information Services

REAL ESTATE & RENTAL & LEASING

- 531 Real Estate
- 5311 Lessors of Real Estate
- 5312 Offices of Real Estate Agents and Brokers
- 5313 Activities Related to Real Estate
- 532 Rental and Leasing Services
- 5321 Automotive Equipment Rental and Leasing
- 5322 Consumer Goods Rental
- 5323 General Rental Centers
- 5324 Commercial and Industrial Machinery and Equipment Rental and Leasing
- 533 Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)
- 5331 Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)

PROFESSIONAL, SCIENTIFIC, TECHNICAL & MANAGEMENT SERVICES

- 541 Professional, Scientific, and Technical Services
- 5411 Legal Services
- 5412 Accounting, Tax Preparation, Bookkeeping, and Payroll Services
- 5413 Architectural, Engineering, and Related Services
- 5414 Specialized Design Services

| | |
|------|---|
| 5415 | Computer Systems Design and Related Services |
| 5416 | Management, Scientific, and Technical Consulting Services |
| 5417 | Scientific Research and Development Services |
| 5418 | Advertising and Related Services |
| 5419 | Other Professional, Scientific, and Technical Services |
| 551 | Management of Companies and Enterprises |
| 5511 | Management of Companies and Enterprises |

ADMINISTRATIVE & SUPPORT & WASTE SERVICES

| | |
|------|---|
| 561 | Administrative and Support Services |
| 5611 | Office Administrative Services |
| 5612 | Facilities Support Services |
| 5613 | Employment Services |
| 5614 | Business Support Services |
| 5615 | Travel Arrangement and Reservation Services |
| 5616 | Investigation and Security Services |
| 5617 | Services to Buildings and Dwellings |
| 5619 | Other Support Services |
| 562 | Waste Management and Remediation Services |
| 5621 | Waste Collection |
| 5622 | Waste Treatment and Disposal |
| 5629 | Remediation and Other Waste Management Services |

HEALTH SCIENCES & SERVICES

| | |
|------|--|
| 3254 | Pharmaceutical and Medicine Manufacturing |
| 3391 | Medical Equipment and Supplies Manufacturing |
| 5417 | Scientific Research and Development Services |
| 6211 | Offices of Physicians |
| 6212 | Offices of Dentists |
| 6213 | Offices of Other Health Practitioners |
| 6214 | Outpatient Care Centers |
| 6215 | Medical and Diagnostic Laboratories |
| 6216 | Home Health Care Services |
| 6219 | Other Ambulatory Health Care Services |
| 6221 | General Medical and Surgical Hospitals |
| 6222 | Psychiatric and Substance Abuse Hospitals |
| 6223 | Specialty (except Psychiatric and Substance Abuse) Hospitals |
| 6231 | Nursing Care Facilities |
| 6232 | Residential Mental Retardation, Mental Health and Substance Abuse Facilities |
| 6233 | Community Care Facilities for the Elderly |
| 6239 | Other Residential Care Facilities |
| 6242 | Community Food and Housing, and Emergency and Other Relief Services |
| 6243 | Vocational Rehabilitation Services |
| 8122 | Death Care Services |

ENTERTAINMENT & TOURISM – URBAN REGIONS

| | |
|-----|---|
| 512 | Motion Picture and Sound Recording Industries |
| 711 | Performing Arts, Spectator Sports, and Related Industries |
| 712 | Museums, Historical Sites, and Similar Institutions |
| 713 | Amusement, Gambling, and Recreation Industries |
| 721 | Accommodation |

ENTERTAINMENT & TOURISM – RURAL REGIONS

| | |
|-----|---|
| 711 | Performing Arts, Spectator Sports, and Related Industries |
| 712 | Museums, Historical Sites, and Similar Institutions |
| 713 | Amusement, Gambling, and Recreation Industries |
| 721 | Accommodation |
| 722 | Food Services and Drinking Places |

OTHER SERVICES (EXCEPT PUBLIC ADMINISTRATION)

| | |
|------|--|
| 811 | Repair and Maintenance |
| 8111 | Automotive Repair and Maintenance |
| 8112 | Electronic and Precision Equipment Repair and Maintenance |
| 8113 | Commercial and Industrial Machinery and Equipment |
| 8114 | Personal and Household Goods Repair and Maintenance |
| 812 | Personal and Laundry Services |
| 8121 | Personal Care Services |
| 8122 | Death Care Services |
| 8123 | Drycleaning and Laundry Services |
| 8129 | Other Personal Services |
| 813 | Religious, Grantmaking, Civic, Professional, and Similar Organizations |
| 8131 | Religious Organizations |
| 8132 | Grantmaking and Giving Services |
| 8133 | Social Advocacy Organizations |
| 8134 | Civic and Social Organizations |
| 8139 | Business, Professional, Labor, Political, and Similar Organizations |
| 814 | Private Households |
| 8141 | Private Households |

ALL GOVERNMENT

| |
|----------------------------|
| Federal Government |
| Department of Defense |
| Other Federal Government |
| State Government |
| State Government Education |
| Other State Government |
| Local Government |
| Local Government Education |
| Other Local Government |



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